STATE OF MINNESOTA

EIGHTY-EIGHTH SESSION — 2013

THIRTY-FIFTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 15, 2013

The House of Representatives convened at 3:00 p.m. and was called to order by Paul Thissen, Speaker of the House.

Prayer was offered by the Reverend John Hogenson, St. Andrew's Lutheran Church, Mahtomedi, Minnesota.

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

The roll was called and the following members were present:

Abeler	Dettmer	Hausman	Lien	Newton	Simon
Albright	Dill	Hertaus	Lillie	Nornes	Simonson
Allen	Dorholt	Hilstrom	Loeffler	Norton	Slocum
Anderson, M.	Drazkowski	Holberg	Lohmer	O'Driscoll	Sundin
Anderson, P.	Erhardt	Hoppe	Loon	O'Neill	Swedzinski
Anderson, S.	Erickson, R.	Hornstein	Mack	Paymar	Theis
Anzelc	Erickson, S.	Hortman	Mahoney	Pelowski	Torkelson
Atkins	Fabian	Howe	Mariani	Peppin	Uglem
Barrett	Falk	Huntley	Marquart	Persell	Urdahl
Beard	Faust	Isaacson	Masin	Petersburg	Wagenius
Benson, J.	Fischer	Johnson, B.	McDonald	Poppe	Ward, J.A.
Benson, M.	FitzSimmons	Johnson, C.	McNamar	Pugh	Ward, J.E.
Bernardy	Franson	Johnson, S.	McNamara	Quam	Wills
Bly	Freiberg	Kahn	Melin	Radinovich	Winkler
Brynaert	Fritz	Kelly	Metsa	Rosenthal	Woodard
Carlson	Garofalo	Kieffer	Moran	Runbeck	Yarusso
Clark	Green	Kiel	Morgan	Sanders	Zellers
Cornish	Gruenhagen	Kresha	Mullery	Savick	Zerwas
Daudt	Gunther	Laine	Murphy, E.	Sawatzky	Spk. Thissen
Davids	Hackbarth	Leidiger	Murphy, M.	Schoen	
Davnie	Halverson	Lenczewski	Myhra	Schomacker	
Dean, M.	Hamilton	Lesch	Nelson	Scott	
Dehn, R.	Hansen	Liebling	Newberger	Selcer	

A quorum was present.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Murphy, E., from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 128, A bill for an act relating to solid waste; amending process for cities to implement organized collection of solid waste; amending Minnesota Statutes 2012, section 115A.94, subdivisions 2, 5, by adding subdivisions; repealing Minnesota Statutes 2012, section 115A.94, subdivision 4.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Joint Rule 2.03 has been waived for any subsequent committee action on this bill.

The report was adopted.

Hausman from the Committee on Capital Investment to which was referred:

H. F. No. 270, A bill for an act relating to capital investment; appropriating money for Higher Education Asset Preservation and Replacement; authorizing the sale and issuance of state bonds.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, money appropriated in this act for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

SUMMARY

University of Minnesota	$103,167,000
Minnesota State Colleges and Universities	108,554,000
Education	8,491,000
Minnesota State Academies	810,000
Natural Resources	52,615,000
Board of Water and Soil Resources	22,000,000
Zoological Garden	5,250,000
Administration	110,860,000
Minnesota Amateur Sports Commission	8,700,000
Military Affairs	1,500,000
Transportation	94,220,000

Metropolitan Council	75,000,000
Human Services	40,912,000
Veterans Affairs	5,335,000
Corrections	3,000,000
Employment and Economic Development	119,057,000
Public Facilities Authority	37,500,000
Housing Finance Agency	15,000,000
Minnesota Historical Society	10,607,000
Bond Sale Expenses	800,000
Cancellations	(2,000,000)
TOTAL	**$821,378,000**
Bond Proceeds Fund (General Fund Debt Service)	741,509,000
Bond Proceeds Fund (User Financed Debt Service)	19,518,000
Maximum Effort School Loan Fund	5,491,000
State Transportation Fund	55,000,000
General Fund	1,860,000
Bond Proceeds Cancellations	(2,000,000)

APPROPRIATIONS

Sec. 2. **UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation** **$103,167,000**

To the Board of Regents of the University of Minnesota for the purposes specified in this section.

Subd. 2. **Higher Education Asset Preservation and Replacement (HEAPR)** 30,000,000

To be spent in accordance with Minnesota Statutes, section 135A.046.

Subd. 3. **Eddy Hall Renovation, Minneapolis** 9,667,000

To design, construct, furnish, and equip the renovation of Eddy Hall on the Minneapolis campus for the international and transfer student admissions programs and to improve space utilization by decommissioning obsolete space.

Subd. 4. **Tate Laboratory Renovation, Minneapolis** 6,000,000

To design the renovation of the Tate Laboratory of Physics on the Minneapolis campus for use by the School of Physics and Astronomy, and the School of Earth Sciences to consolidate programs in geology, geobiology, hydrogeology, geochemistry, and geophysics in the building.

Subd. 5. **James Ford Bell Natural History Museum and Planetarium, St. Paul** 47,500,000

To complete the design of and to construct, furnish, and equip a new James Ford Bell Natural History Museum on the St. Paul campus.

Subd. 6. **Laboratory Replacement, St. Paul** 4,000,000

To design a new laboratory on the St. Paul campus with approximately 50,000 to 60,000 square feet of lab space, and to replace obsolete facilities, renovate current facilities, and decommission space not suited for research.

Subd. 7. **Research Facility Improvements** 6,000,000

To replace the Bee Research Facility in the College of Food, Agricultural and Natural Resources, and to replace the obsolete greenhouses used by the College of Biological Sciences.

Subd. 8. **University Share**

Except for Higher Education Asset Preservation and Replacement (HEAPR) and the Bell Museum, the appropriations in this section are intended to cover approximately two-thirds of the cost of each project. The remaining costs must be paid from university sources.

Subd. 9. **Unspent Appropriations**

Upon substantial completion of the projects authorized in this section and after written notice to the commissioner of management and budget, the Board of Regents must use any money remaining in the appropriation for that project for HEAPR under Minnesota Statutes, section 135A.046. The Board of Regents must report by February 1 of each even-numbered year to the chairs of the house of representatives and senate committees with jurisdiction over capital investments and higher education finance, and to the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee, on how the remaining money has been allocated or spent.

Sec. 3. **MINNESOTA STATE COLLEGES AND UNIVERSITIES**

Subdivision 1. **Total Appropriation** **$108,554,000**

To the Board of Trustees of the Minnesota State Colleges and Universities for the purposes specified in this section.

Subd. 2. **Higher Education Asset Preservation and Replacement (HEAPR)** 50,000,000

To be spent in accordance with Minnesota Statutes, section 135A.046.

Subd. 3. **Central Lakes College, Staples**

Agriculture Reconfiguration and Main Building Renovation 3,458,000

To complete the design of and to renovate, furnish, and equip Staples main campus spaces for science, technology, and math initiatives, agriculture, and energy programs, and to replace HVAC systems.

Subd. 4. **Metropolitan State University**

Science Education Center Construction 31,000,000

To complete the design of and to construct, furnish, and equip the science education center on the campus of Metropolitan State University.

Subd. 5. **Minnesota State Community and Technical College, Moorhead**

Transportation Center Renovation, Addition, and Demolition 5,210,000

To complete the design of and to renovate, furnish, and equip existing space, and to design, construct, furnish, and equip an addition with new laboratories, to replace HVAC systems, and to demolish an obsolete facilities building.

Subd. 6. **Riverland Community College, Albert Lea** 3,083,000

To complete the design of and to renovate, furnish, and equip the Main Building for multiuse classroom space, demolish the obsolete Gateway Building, and replace HVAC systems.

Subd. 7. **Rochester Community and Technical College**

Classroom Renovation Design 900,000

To complete the design of the renovation of classrooms, including replacement of the heating, ventilating, and air conditioning systems.

Subd. 8. **Winona State University** 5,828,000

To modernize and renovate classrooms to introduce advanced teaching techniques to better prepare future teachers and teachers and educational leaders for the needs of future schools.

Subd. 9. **Systemwide Science, Technology, Engineering, and Math Initiatives** 2,700,000

To design, renovate, furnish, and equip science laboratories and classrooms at the following campuses: Century College; Minnesota State University, Moorhead; Northeast Higher Education District, Itasca Community College; and Mesabi Range Community and Technical College, Eveleth.

Subd. 10. **Systemwide classroom renovations** 2,675,000

To design, renovate, furnish, and equip space for classrooms to meet workforce training needs. This appropriation may be used at the following campuses: Century College; Inver Hills Community College; Northeast Higher Education District, Vermilion Community College; and Saint Paul College.

Subd. 11. **Systemwide Energy Renovation and Additions** 3,700,000

To design, renovate, demolish, construct, furnish, and equip space for workforce training and programs for energy and sustainable development. This appropriation may be used at the following campuses: Anoka Technical College; Century College; Minnesota West Community and Technical College, Canby and Jackson; and Northeast Higher Education District, Itasca Community College.

Subd. 12. **Debt Service**

(a) Except as provided in paragraph (b), the board shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section. After each sale of general obligation bonds, the commissioner of management and budget shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The board need not pay debt service on bonds sold to finance Higher Education Asset Preservation and Replacement (HEAPR). Where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold.

(c) The commissioner of management and budget shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of management and budget by December 1 each year. If the board fails to make a payment when due, the commissioner of management and budget shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of management and budget shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Subd. 13. **Unspent Appropriations**

(a) Upon substantial completion of a project authorized in this section and after written notice to the commissioner of management and budget, the board must use any money remaining in the appropriation for that project for Higher Education Asset Preservation and Replacement (HEAPR) under Minnesota Statutes, section 135A.046. The Board of Trustees must report by February 1 of each even-numbered year to the chairs of the house of representatives and senate committees with jurisdiction over capital investment and higher education finance, and to the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee, on how the remaining money has been allocated or spent.

(b) The unspent portion of an appropriation for a project in this section that is complete is available for HEAPR under this subdivision, at the same campus as the project for which the original appropriation was made and the debt service requirement under subdivision 20 is reduced accordingly. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Sec. 4. **EDUCATION**

Subdivision 1. **Total Appropriation** **$8,491,000**

To the commissioner of education or another named person for the purposes specified in this section.

Subd. 2. **School Energy Conservation Revolving Loan Program** 3,000,000

To the commissioner of commerce for the school energy efficiency revolving loan program under new Minnesota Statutes, sections 216C.371 and 216C.372.

Subd. 3. **Independent School District No. 38, Red Lake** 5,491,000

From the maximum effort school loan fund for a capital loan to Independent School District No. 38, Red Lake, as provided in Minnesota Statutes, sections 126C.60 to 126C.72, to design, construct, furnish, and equip renovation of existing facilities and construction of new facilities. The project paid for with this appropriation includes a portion of the renovation and construction identified in the review and comment performed by the commissioner of education under the capital loan provisions of Minnesota Statutes, section 126C.69. This portion includes renovation and construction of a single kitchen and cafeteria to serve the high school and middle school, a receiving area and dock and adjacent drives, utilities, and grading. Before any capital loan contract is approved under this

authorization, the district must provide documentation acceptable to the commissioner on how the capital loan will be used. If any portion of the appropriation remains after completion of the identified project components, the district may, with the commissioner's approval, use the money for other items identified in the review and comment submission.

Sec. 5. **MINNESOTA STATE ACADEMIES** **$810,000**

To the commissioner of administration to design a new residence hall on the Minnesota State Academy for the Deaf campus, including approximately 60 parking spaces.

Sec. 6. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation** **$52,115,000**

To the commissioner of natural resources for the purposes specified in this section.

Subd. 2. **Natural Resources Asset Preservation** 2,000,000

For the renovation of state-owned facilities and recreational assets operated by the commissioner of natural resources to be spent in accordance with Minnesota Statutes, section 84.946.

Subd. 3. **Flood Hazard Mitigation** 20,000,000

For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage, under Minnesota Statutes, section 103F.161. Levee projects, to the extent practicable, shall meet the state standard of three feet above the 100-year flood elevation.

This appropriation includes money for projects in Ada, Oslo, Montevideo, Moorhead, South St. Paul, and Inver Grove Heights, and other project priorities based on need as determined by the commissioner of natural resources.

To the extent that the cost of a project exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project.

Subd. 4. **Dam Renovation** 5,400,000

(a) $2,400,000 is for a grant to Blue Earth County under Minnesota Statutes, section 103G.511, for capital improvements to repair and renovate the Rapidan Dam. Notwithstanding the match requirements in section 103G.511, this appropriation does not require a match.

(b) $3,000,000 is for a grant to the city of Champlin under Minnesota Statutes, section 103G.511, for capital improvements to repair and renovate the Champlin Mill Pond Dam. Notwithstanding the match requirements in Minnesota Statutes, section 103G.511, this appropriation does not require a match.

Subd. 5. **State Trails Development** 16,215,000

To acquire land for and to construct and renovate state trails under Minnesota Statutes, section 85.015. This appropriation includes funding:

(1) up to $2,000,000 is for the Blazing Star Trail;

(2) up to $2,000,000 is for the Camp Ripley/Veterans State Trail;

(3) up to $500,000 is for the Casey Jones Trail;

(4) up to $2,715,000 is for the Cuyuna Lakes Trail segments from Crosby to Deerwood, Paul Bunyan State Trail to Lum Park, a segment connecting to the Sagamore Unit of the Cuyuna Country State Recreation Area; and Paul Bunyan State Trail to Riverton;

(5) up to $600,000 is for the Gateway Trail for the segment between Scandia and William O'Brien State Park;

(6) up to $200,000 is for the Gitchi-Gami Trail from Grand Marais to the Cascade River;

(7) up to $1,500,000 is to acquire and develop a five-mile bituminous extension of the Glacial Lakes State Trail in the city of New London to Sibley State Park, in the County State-Aid Highway 40 corridor, for bicycle and pedestrian use;

(8) up to $300,000 is to acquire and develop the segment of the Goodhue Pioneer Trail between White Willow and Goodhue;

(9) up to $3,100,000 is for the Heartland Trail extension from Detroit Lakes to Frazee and to begin work on the Moorhead to Buffalo State Park segment;

(10) up to $2,500,000 is for paving the Luce Line Trail and developing a parallel horse trail between the cities of Winsted and Cedar Mills. The trail between the city of Winsted and city of Cedar Mills must be available for multiple uses, including hiking, biking, horseback riding, snowmobiling, cross-country skiing, and inline skating. Notwithstanding Minnesota Statutes, section 84.8712, subdivision 1, snowmobiles with metal traction devices may be used on the portion of the Luce Line Trail paved with this appropriation. The commissioner of natural resources shall ensure that all drainage tile passing under the Luce Line Trail can be maintained and provide for adequate crossing locations for farmers with construction standards that allow for large machinery to cross the trail;

(11) up to $600,000 for the Mill Towns Trail segment between Lake Byllesby and the Cannon Valley Trail, and for the segment between Dundas and Northfield; and

(12) up to $200,000 is for the Minnesota River Trail between Mankato and St. Peter, and connections to the Sakatah Singing Hills State Trail and the Red Jacket Trail in Mankato.

For any project listed in this subdivision that the commissioner determines is not ready to proceed, the commissioner may reallocate that project's money to another state trail project described in this section or other state trail infrastructure. The chairs of the house of representatives and senate committees with jurisdiction over environment and natural resources and legislators from the affected legislative districts must be notified of any changes.

Subd. 6. **RIM Critical Habitat Match** 3,000,000

To provide the state match for the critical habitat private sector matching account under Minnesota Statutes, section 84.943. This appropriation must be used only to acquire fee title.

Subd. 7. **Groundwater Monitoring and Observation Wells** 2,000,000

To install groundwater monitoring wells for multiple groundwater quantity and quality monitoring purposes by state agencies, as scientifically and practically appropriate.

Subd. 8. **Fountain Lake Restoration** 1,500,000

For a grant to the Shell Rock River Watershed District for engineering, design, permitting, and land acquisition for sediment removal and cleanup of Fountain Lake.

Subd. 9. **Fort Snelling Upper Post** 2,000,000

For construction of streets, sidewalks, street lighting, storm sewer, sanitary sewer, water main, and other publicly owned infrastructure to accommodate redevelopment of areas of the Fort Snelling Upper Post in Hennepin County. The commissioner of natural resources may make one or more grants to Hennepin County to undertake part or all of the project.

Sec. 7. **BOARD OF WATER AND SOIL RESOURCES** **$22,000,000**

RIM Conservation Reserve

(a) To acquire conservation easements from landowners to preserve, restore, create, and enhance wetlands and prairie grasslands and restore and enhance rivers and streams, riparian lands, and associated uplands in order to protect soil and water quality, support

fish and wildlife habitat, reduce flood damage, and provide other public benefits. The provisions of Minnesota Statutes, section 103F.515, apply to this program. Of this appropriation, up to ten percent may be used to implement the program.

(b) The board shall give priority to leveraging federal funds by (1) enrolling targeted new lands eligible for the USDA Wetlands Reserve Program (WRP), or (2) enrolling lands that have expiring USDA Conservation Reserve Program (CRP) contracts.

(c) The board is authorized to enter into new agreements and amend past agreements with landowners as required by Minnesota Statutes, section 103F.515, subdivision 5, to allow for restoration, including overseeding and harvesting of native prairie vegetation for use for energy production in a manner that does not devalue the natural habitat, water quality benefits, or carbon sequestration functions of the area enrolled in the easement. This shall occur after seed production and shall minimize impacts on wildlife. Of this appropriation, up to five percent may be used for restoration and enhancement, including overseeding.

Sec. 8. **MINNESOTA ZOOLOGICAL GARDENS** **$5,250,000**

To the Minnesota Zoological Garden Board for capital asset preservation improvements and betterments to infrastructure and exhibits at the Minnesota Zoo, to be spent in accordance with Minnesota Statutes, section 16B.307. This appropriation must be used for repairs to existing state-owned zoo buildings and grounds so that they remain functional and safe, and for engineering and architectural design for future enhancements to exhibits, in order to maintain the zoo's status as one of the state's premier cultural institutions.

Sec. 9. **ADMINISTRATION**

Subdivision 1. **Total Appropriation** **$110,860,000**

To the commissioner of administration for the purposes specified in this section.

Subd. 2. **Capitol Renovation and Restoration** 109,000,000

This appropriation may be used for one or more of the following purposes:

(1) to complete the design of, and to construct, repair, improve, renovate, restore, furnish, and equip the State Capitol building and grounds; including but not limited to exterior stone repairs and window replacement; asbestos and hazardous materials abatement; mechanical, electrical, plumbing, and security systems replacement; general construction, including but not limited to demolition, site improvements, life safety improvements, accessibility, security and telecommunications; roof replacement; and finish work; and

(2) to predesign, design, conduct hazardous materials abatement, construct, repair, renovate, remodel, furnish, and equip the State Office Building, Administration Building, Centennial Office Building, 321 Grove Street Building, and other properties located on the Capitol campus as determined by the commissioner of administration to meet temporary and permanent office, storage, parking, and other space needs occasioned by and in furtherance of an efficient restoration of the State Capitol Building and for the efficient and effective function of the tenants currently located in the Capitol Building.

Subd. 3. **Relocation Expenses** 1,860,000

For rent loss and relocation expenses related to the Capitol renovation project. This appropriation is from the general fund.

Sec. 10. **MINNESOTA AMATEUR SPORTS COMMISSION**

Subdivision 1. **Total Appropriation** **$8,700,000**

To the Minnesota Amateur Sports Commission for the purposes specified in this section.

Subd. 2. **Mighty Ducks Grants; Air Handling Systems** 1,500,000

For grants to local government units under Minnesota Statutes, section 240A.09, paragraph (g) or (k), to install, renovate, or replace heating, ventilating, and air conditioning systems in existing indoor ice arenas whose ice resurfacing and ice edging equipment are not powered by electricity in order to improve indoor air quality by reducing concentrations of carbon monoxide and nitrogen dioxide. The new or renovated heating, ventilating, and air conditioning systems may include continuous electronic air monitoring devices to automatically activate the ventilation systems when the concentration of carbon monoxide or nitrogen dioxide reaches a predetermined level.

Subd. 3. **Southwest Regional Amateur Sports Center** 4,000,000

For a grant to the city of Marshall to acquire land and prepare a site for, and to design, construct, furnish, and equip the Southwest Regional Amateur Sports Center in Marshall. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount is committed to the project from nonstate sources.

Subd. 4. **National Sports Center Expansion** 3,200,000

For site development and for the design and construction of parking lots, roads, athletic fields, and other infrastructure necessary for expansion of tournament fields at the National Sports Center in Blaine.

Sec. 11. **MILITARY AFFAIRS** **$1,500,000**

To the adjutant general for asset preservation improvements and betterments of a capital nature at military affairs facilities statewide, to be spent in accordance with Minnesota Statutes, section 16B.307.

Sec. 12. **TRANSPORTATION**

Subdivision 1. **Total Appropriation** **$94,220,000**

To the commissioner of transportation for the purposes specified in this section.

Subd. 2. **Local Bridge Replacement and Rehabilitation** 20,000,000

This appropriation is from the bond proceeds account in the state transportation fund to match federal money and to replace or rehabilitate local deficient bridges as provided in Minnesota Statutes, section 174.50. To the extent practicable, the commissioner shall expend the funds as provided under Minnesota Statutes, section 174.50, subdivisions 6c and 7, paragraph (c).

Political subdivisions may use grants made under this subdivision to construct or reconstruct bridges, including but not limited to:

(1) matching federal aid grants to construct or reconstruct key bridges;

(2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;

(3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will be made; and

(4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more economical than replacement of the existing bridge.

Subd. 3. **Local Road Improvement Fund Grants** 35,000,000

This appropriation is from the bond proceeds account in the state transportation fund as provided in Minnesota Statutes, section 174.50, for construction and reconstruction of local roads with statewide or regional significance under Minnesota Statutes, section 174.52, subdivision 4, or for grants to counties to assist in paying the costs of rural road safety capital improvement projects on county state-aid highways under Minnesota Statutes, section 174.52, subdivision 4a.

This appropriation includes money for a grant to Anoka County to complete the final design, land acquisition, and construction of the interchange of marked U.S. Highway 10 and Anoka County State-Aid Highway 83 (Armstrong Boulevard) in the city of Ramsey, and for associated improvements.

$250,000 of this appropriation is for a grant to Pine Lake Township in Otter Tail County for improvements to Nitche Lake Road between County Road 8 and County Road 53 in Pine Lake Township.

Subd. 4. **Greater Minnesota Transit** 4,920,000

For capital assistance for greater Minnesota transit systems to be used for transit capital facilities under Minnesota Statutes, section 174.24, subdivision 3c. Money from this appropriation may be used to pay up to 80 percent of the nonfederal share of these facilities. Of this appropriation:

$450,000 is for a grant to the city of Mankato for phase III of the facility improvements;

$800,000 is for a grant to the Rainbow Rider Transit Board for bus garages in Elbow Lake, Morris, Wheaton, Lowery, and Alexandria;

$2,000,000 is for a grant to the St. Cloud Metropolitan Transit Commission for phase I of the metro bus operations center vehicle storage addition and improvements project; and

$550,000 is for a grant to the Kandiyohi Area Transit Joint Powers Board for an additional bus storage garage in Willmar.

Subd. 5. **Minnesota Valley Regional Railroad Track Rehabilitation** 3,800,000

For a grant to the Minnesota Valley Regional Rail Authority to rehabilitate and make capital improvements of portions of railroad track between Norwood-Young America and Hanley Falls. A grant under this section is in addition to any grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62.

Before seeking appropriations in the future, the authority must seek local contributions from the member counties.

Subd. 6. **Railroad Warning Devices Replacement** 500,000

To design, construct, and equip the replacement of active highway railroad grade crossing warning devices that have reached the end of their useful life.

Subd. 7. **Intercity Passenger Rail Projects** 15,000,000

To implement capital improvements and betterments for intercity passenger rail projects as identified in the statewide freight and passenger rail plan under Minnesota Statutes, section 174.03, subdivision 1b, which are determined to be eligible for United States Department of Transportation funding. Notwithstanding any law to the contrary, a portion or phase of an intercity passenger rail project may be accomplished with one or more state appropriations and an intercity passenger rail project need not be completed with any one appropriation. Capital improvements and betterments include preliminary engineering, design, engineering, environmental analysis and mitigation, acquisition of land and right-of-way, and construction.

Subd. 8. **Safe Routes to School** 2,000,000

For grants under Minnesota Statutes, section 174.40.

Subd. 9. **Range Regional Airport** 5,000,000

For a grant to the Chisholm-Hibbing Airport Authority to construct, furnish, and equip improvements and betterments of a capital nature at the Range Regional Airport terminal. The airport authority must use American-made steel for this project, unless the airport authority determines that an exception in Public Law 111-5, section 1605, applies.

Subd. 10. **Port Development Assistance** 8,000,000

For grants under Minnesota Statutes, chapter 457A. Any improvements made with the proceeds of these grants must be publicly owned.

Sec. 13. **METROPOLITAN COUNCIL**

Subdivision 1. **Total Appropriation** **$75,000,000**

To the Metropolitan Council for the purposes specified in this section.

Subd. 2. **Transit Capital Improvement Program** 50,000,000

(a) To advance transit in the metropolitan area in accordance with the Metropolitan Council's 2030 Transportation Policy Plan and in consultation with the Counties Transit Improvement Board. This appropriation may be used by the Metropolitan Council or for grants to metropolitan area political subdivisions for preliminary engineering, engineering, environmental assessment, environmental work, design, right-of-way acquisition, and construction for the Lake Street and I-35W transit station in Minneapolis, and in the following transit way corridors: Bottineau Boulevard, East 7th Street in St. Paul, I-94 Gateway, Nicollet Avenue, Red Rock, Riverview, Robert Street, Rush Line, Snelling Avenue, and Southwest.

(b) The council shall allocate transit capital development resources so as to achieve geographic balance within the region to the extent possible.

Subd. 3. **Metropolitan Regional Parks and Trails Capital Improvements**

(a) **Old Cedar Avenue Bridge, Bloomington** 7,000,000

For a grant to the city of Bloomington for environmental analysis and review, and to design, renovate, and restore, or to replace, the Old Cedar Avenue Bridge for bicycle commuters and recreational users. This appropriation is added to the appropriation for the same project made in Laws 2006, chapter 258, section 17, subdivision 8, as amended by Laws 2008, chapter 179, section 64, Laws 2011, First Special Session chapter 12, section 30, and this act; Laws 2008, chapter 365, section 4, subdivision 3, as amended by Laws 2010, chapter 189, section 58, Laws 2011, First Special Session chapter 12, section 36, and this act; and Laws 2010, chapter 189, section 16, subdivision 4, as amended by Laws 2011, First Special Session chapter 12, section 45, and this act.

(b) **Springbrook Nature Center, Fridley** 5,000,000

For a grant to the city of Fridley to predesign, design, construct, furnish, and equip the redevelopment and expansion of the Springbrook Nature Center. No nonstate match is required.

(c) **Heritage Village - Rock Island Swing Bridge, Inver Grove Heights** 3,500,000

For a grant to the city of Inver Grove Heights for public infrastructure improvements and land acquisition in and adjacent to the Heritage Village Park, the Mississippi River Trail, and the Rock Island Swing Bridge. These improvements will include but are not limited to motor vehicle access, utility service, stormwater treatment, and trail and sidewalk connections. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources.

(d) **Fish Creek Trail, Maplewood** 500,000

For a grant to the city of Maplewood to acquire and develop approximately 70 acres of land along Fish Creek to be included within the Fish Creek Natural Greenway, a park of regional and historical significance located in Ramsey County within the Mississippi National River and Recreation Area. This appropriation is not available until an amount sufficient to complete the acquisition is committed to the project from nonstate sources.

(e) **Minneapolis Sculpture Garden** 7,000,000

For a grant to the Minneapolis Park and Recreation Board to predesign, design, and construct renovation of the Minneapolis Sculpture Garden, which displays art owned by the Walker Art Center, subject to Minnesota Statutes, section 16A.695. The complete renovation will include improving irrigation, drainage, the parking lot, security, granite substructures, concrete, and fixtures, in order to update them with more ecologically sustainable options that are less expensive to maintain; increasing physical accessibility in accordance with the Americans with Disabilities Act; transplanting and replacing trees and plant materials; and improving the mechanical plant, piping, and flooring of the Cowles Conservatory to permit its flexible reuse in a way that is more ecologically sustainable and less expensive to maintain.

Subd. 4. **Metropolitan Cities Inflow and Infiltration Grants** 2,000,000

For grants to cities within the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, for capital improvements in municipal wastewater collection systems to reduce the amount of inflow and infiltration to the Metropolitan Council's metropolitan sanitary sewer disposal system. Grants from this appropriation are for up to 50 percent of the cost to mitigate inflow and infiltration in the publicly owned municipal wastewater collection systems. The council must award grants based on applications from cities that identify eligible capital costs and include a timeline for inflow and infiltration mitigation construction, pursuant to guidelines established by the council.

Sec. 14. **HUMAN SERVICES**

Subdivision 1. **Total Appropriation** **$40,912,000**

To the commissioner of administration, or another named agency, for the purposes specified in this section.

Subd. 2. **Minnesota Security Hospital - St. Peter, Phase One** 36,317,000

To complete the design of and to construct, furnish, and equip the first phase of a two-phase project to remodel existing, and to develop new, residential, program, activity, and ancillary facilities for the Minnesota Security Hospital on the upper campus of the St. Peter Regional Treatment Center. In addition, phase one includes funding to design phase two of the project. Upon substantial completion of phase one, any unspent portion of this appropriation is available for phase two.

Subd. 3. **Remembering With Dignity** 195,000

To the commissioner of human services for grave markers or memorial monuments for unmarked graves on public land of deceased residents of state hospitals or regional treatment centers.

Subd. 4. **Hennepin County; St. David's Center for Child and Family Development** 3,750,000

To the commissioner of human services for a grant to Hennepin County to acquire land for and to predesign, design, construct, furnish, and equip the expansion and renovation of the St. David's Center for Child and Family Development, subject to Minnesota Statutes, section 16A.695. The center must be used to promote the public welfare by providing early childhood education and respite care, children's mental health services, pediatric rehabilitative therapies for children with special needs, support services for persons with disabilities, foster care placement, and other interventions for children who are at risk for poor developmental outcomes or maltreatment. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been expended or committed to the project from nonstate resources.

Subd. 5. **Maplewood; Harriet Tubman Center East** 650,000

To the commissioner of human services for a grant to the city of Maplewood to design, renovate, and equip the Harriet Tubman Center East to be used as a regional safety service center for a domestic violence shelter, legal services, youth programs, mental and chemical health services, and community education. This appropriation is added to the appropriation in Laws 2012, chapter 293, section 18, subdivision 3, for the same purposes.

Sec. 15. **VETERANS AFFAIRS** **$5,335,000**

To the commissioner of administration for asset preservation improvements and betterments of a capital nature at the veterans homes and the Little Falls veterans cemetery, to be spent in accordance with Minnesota Statutes, section 16B.307. Of this appropriation:

$275,000 is for the Fergus Falls veterans home;

$1,635,000 is for the Hastings veterans home;

$770,000 is for the Luverne veterans home;

$1,630,000 is for the Minneapolis veterans home;

$975,000 is for the Silver Bay veterans home; and

$70,000 is for the Little Falls veterans cemetery.

Sec. 16. **CORRECTIONS** **$3,000,000**

To the commissioner of administration for asset preservation improvements and betterments of a capital nature at Minnesota correctional facilities statewide, including providing additional space for sex offender treatment, to be spent in accordance with Minnesota Statutes, section 16B.307.

Sec. 17. **EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. **Total Appropriation** **$119,556,000**

To the commissioner of employment and economic development for the purposes specified in this section.

Subd. 2. **Public Building Accessibility Grants** 450,000

For grants to political subdivisions under new Minnesota Statutes, section 116J.434.

Subd. 3. **Brainerd, Sewer and Water Extension to the Brainerd Lakes Regional Airport** 5,000,000

For a grant to the city of Brainerd to design, engineer, and construct an extension of water and sanitary sewer service to the Brainerd Lakes Regional Airport and to replace approximately one mile of existing sewer to accommodate flow from the airport.

Subd. 4. **Chatfield, Center for the Arts** 7,000,000

For a grant to the city of Chatfield economic development authority to predesign, design, renovate, construct, furnish, and equip the Chatfield Center for the Arts in the city of Chatfield. The center includes the George H. Potter auditorium, the adjacent 1916 school building, and the land surrounding the structures currently owned by the economic development authority. Money, land and buildings, and in-kind contributions provided to the center before the enactment of this section are considered to be sufficient local match, and no further local match is required.

Subd. 5. **Duluth**

(a) **NorShor Theatre** 4,950,000

For a grant to the Duluth Economic Development Authority to design, construct, furnish, and equip public improvements and to provide public access to the historic NorShor Theatre, including skyway access for connection to nearby public parking, interior circulation, street and utility improvements, handicapped access, and restoration of the theater's lobby, entrance, and marquee as part of the overall restoration of the theater.

This appropriation is not available until the commissioner of management and budget has determined that at least $2 has been committed from nonstate sources for private renovation and improvement of the interior of the theatre and the surrounding structures for every $1 of state funds, and that sufficient nonstate funds are available to complete both the state bond-financed portion of the project and the balance of the private development. Funds invested in the project by a person receiving state historic tax credits pursuant to Minnesota Statutes, section 290.0681, shall be deemed nonstate funds for purposes of this requirement. The city of Duluth and the Duluth Economic Development Authority may operate a performing arts center and facilities that provide access to the center, and may enter into a lease or management agreement, subject to Minnesota Statutes, section 16A.695. The state bond-financed project subject to Minnesota Statutes, section 16A.695, shall consist only of those improvements paid for with state general obligation bond proceeds. The state bond-financed property may be legally described either as a separately platted real estate parcel under a registered land survey or a condominium unit. Due to the integrated nature of the overall development, public bidding shall not be required for the state bond-financed project, provided there shall be a separate construction contract for this portion of the project, and any amounts required for this portion of the project, in excess of the bond appropriation, shall be paid by nonstate sources.

(b) **Wade Stadium** 250,000

For a grant to the city of Duluth to design improvements to Wade Stadium, including a grandstand and field, with proper drainage, for a ballpark and public outdoor events facility. This appropriation is not available until the commissioner determines that at least an equal amount is committed to the project from nonstate sources.

Subd. 6. **Mankato, Arena and Events Center Auditorium** 14,500,000

For a grant to the city of Mankato to design, construct, improve, furnish, and equip the Minnesota State Mankato Arena and to design, expand, furnish, and equip the adjacent Events Center Auditorium.

This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources.

Subd. 7. **Minneapolis**

Masonic Temple at Hennepin Center for the Arts 3,000,000

For a grant to the city of Minneapolis for improvements and betterments of a capital nature to renovate the historic Masonic Temple at the Hennepin Center for the Arts, subject to Minnesota Statutes, section 16A.695.

Subd. 8. **Red Wing, River Renaissance** 1,583,000

For a grant to the city of Red Wing for improvements of a capital nature to the area between Levee Road and the Mississippi River, extending between Bay Point Drive and Broad Street in Red Wing. This project includes: reconstruction of Levee Road from Broad Street to Jackson Street; improvements to storm water, sanitary sewer, and drinking water infrastructure; replacement of a harbor retaining wall; parking improvements; lighting improvements; and construction of a segment of the Riverwalk Trail. This grant is not available until the commissioner of management and budget determines that an amount sufficient to complete the project is committed to it from nonstate sources.

Subd. 9. **Rochester, Mayo Civic Center Complex** 35,000,000

For a grant to the city of Rochester to design, construct, furnish, and equip the renovation and expansion of the Mayo Civic Center complex and related infrastructure, including but not limited to skyway access, lighting, parking, and landscaping.

Subd. 10. **St. Cloud, River's Edge Convention Center** 10,100,000

For a grant to the city of St. Cloud to predesign, design, construct, furnish, and equip an expansion of the River's Edge Convention Center, including a parking facility and pedestrian skyway connection. This appropriation is not available until the commissioner of management and budget determines that at least $10,100,000 has been committed to the project from nonstate sources. Amounts expended by the city of St. Cloud for project costs since July 1, 2010, shall count toward the matching requirement.

Subd. 11. **St. Paul**

(a) **Minnesota Children's Museum** 14,000,000

For a grant to the city of St. Paul to design, construct, furnish, and equip an expansion and renovation of the Minnesota Children's Museum, subject to Minnesota Statutes, section 16A.695. The expansion and exhibit upgrades should incorporate the latest research on early learning, allow for new state-of-the art education facilities, and increase the capacity of visitors to galleries and programming areas.

This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed from nonstate sources.

(b) **Ordway Center for the Performing Arts** 5,000,000

This appropriation is added to the appropriation in Laws 2010, chapter 189, section 21, subdivision 16, paragraph (b), and is for the same purposes. This appropriation is not available until the commissioner of management and budget determines that the labor contract dispute between the St. Paul Chamber Orchestra and the musicians has been settled.

(c) **Twin Cities Public Television Building Renovation** 9,000,000

For a grant to the city of St. Paul to construct and renovate the Twin Cities Public Television Building in downtown St. Paul. This appropriation is not available until at least an equal amount is committed to the project from nonstate sources.

(d) **University Enterprise Laboratories** 500,000

For a grant to the St. Paul Port Authority to design phase two of the University Enterprise Laboratories building in St. Paul, subject to Minnesota Statutes, section 16A.695. Amounts expended to complete phase one of the University Enterprise Laboratories building since January 1, 2004, shall count toward the matching requirement.

Subd. 12. **Truman, Storm Water Project** 1,350,000

For a grant to the city of Truman to design, construct, and install new storm water lines to two areas of the city that experience flooding with heavy rain. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources.

Subd. 13. **Virginia, Relocation of Utilities and Trails**

(a) **Utilities relocation** 1,410,000

For a grant to the city of Virginia and the Virginia Public Utilities Commission for engineering and predesign for relocation of gas, electric, water, sanitary sewer, and storm sewer utilities made necessary by and in conjunction with the relocation of marked Trunk Highway 53 in Virginia.

(b) **Mesabi trails relocation** 150,000

For a grant to the St. Louis and Lake Counties Regional Railroad Authority for soil testing and preparation for relocation of portions of the Mesabi bicycle, snowmobile, and ATV trails that must be relocated due to the relocation of marked Trunk Highway 53.

Subd. 14. **Voyageurs National Park Clean Water Joint Powers Board** 5,500,000

For a grant to the Voyageurs National Park Clean Water Joint Powers Board to acquire land for, and to predesign, design, and construct new sanitary sewer collection systems in Koochiching and St. Louis Counties. The systems must address the sanitary sewer needs and projects in the communities surrounding Voyageurs National Park. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount has been committed to the project from nonstate sources.

Sec. 18. **PUBLIC FACILITIES AUTHORITY**

Subdivision 1. **Total Appropriation** **$37,500,000**

To the Public Facilities Authority for the purposes specified in this section.

Subd. 2. **State Match for Federal Grants** 8,000,000

To match federal grants for the clean water revolving fund under Minnesota Statutes, section 446A.07, and the drinking water revolving fund under Minnesota Statutes, section 446A.081. This appropriation must be used for qualified capital projects.

Subd. 3. **Wastewater Infrastructure Funding Program** 25,000,000

For grants to eligible municipalities under the wastewater infrastructure funding program under Minnesota Statutes, section 446A.072. Up to $5,000,000 may be used for eligible costs to implement the wastewater infrastructure funding program.

Subd. 4. **Big Lake Area Sanitary District** 4,500,000

For a grant to the Big Lake Area Sanitary District to construct a pressure sewer system and force main to convey sewage to the Western Lake Superior Sanitary District connection in the city of Cloquet.

Sec. 19. **MINNESOTA HOUSING FINANCE AGENCY** **$15,000,000**

(a) To the Minnesota Housing Finance Agency for transfer to the housing development fund to finance the costs of rehabilitation to preserve public housing under Minnesota Statutes, section 462A.202, subdivision 3a. For purposes of this section, "public housing" means housing for low-income persons and households financed by the federal government and owned and operated by the public housing authorities and agencies formed by cities and counties. Public housing authorities receiving a public housing assessment composite score of 80 or above are eligible to receive

funding. Priority must be given to proposals that maximize federal or local resources to finance the capital costs. The priority in Minnesota Statutes, section 462A.202, subdivision 3a, for projects to increase the supply of affordable housing and the restrictions of Minnesota Statutes, section 462A.202, subdivision 7, do not apply to this appropriation.

(b) In using proceeds of the housing infrastructure bonds authorized in this section, the agency shall give consideration to projects that will provide supportive housing for homeless youth, and for women and children seeking to escape exploitation and trafficking.

Sec. 20. **MINNESOTA HISTORICAL SOCIETY**

Subdivision 1. **Total Appropriation** **$10,607,000**

To the Minnesota Historical Society for the purposes specified in this section.

Subd. 2. **Historic Sites Asset Preservation** 750,000

For capital improvements and betterments at state historic sites, buildings, landscaping at historic buildings, exhibits, markers, and monuments, to be spent in accordance with Minnesota Statutes, section 16B.307. The society shall determine project priorities as appropriate based on need.

Subd. 3. **Oliver H. Kelley Farm Historic Site** 9,857,000

To complete design and to construct, furnish, and equip the renovation of the Oliver H. Kelley Farm Historic Site, including the site's visitor center and other essential visitor services and site operations facilities.

Sec. 21. **BOND SALE EXPENSES** **$800,000**

To the commissioner of management and budget for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 22. **BOND SALE SCHEDULE.**

The commissioner of management and budget shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2015, no more than $1,347,152,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of management and budget shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 23. **BOND SALE AUTHORIZATION.**

Subdivision 1. **Bond proceeds fund.** To provide the money appropriated in this act from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $761,027,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. **Maximum effort school loan fund.** To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $5,491,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Subd. 3. **Transportation fund.** To provide the money appropriated in this act from the state transportation fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $55,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 24. **CANCELLATIONS; BOND SALE AUTHORIZATION REDUCTIONS.**

Subdivision 1. **2009 MnDOT aeronautics.** The $2,000,000 appropriation in Laws 2009, chapter 93, article 1, section 11, subdivision 7, for the Alexandria aircraft surveillance facility, is canceled. The bond sale authorization in Laws 2009, chapter 93, article 1, section 21, subdivision 1, is reduced by $2,000,000.

Sec. 25. Minnesota Statutes 2012, section 16A.641, subdivision 4a, is amended to read:

Subd. 4a. **Negotiated sales~~; temporary~~ authority.** Notwithstanding the public sale requirements of subdivision 4 and section 16A.66, subdivision 2, ~~from June 1, 2009, until June 30, 2013~~, the commissioner may sell bonds, including refunding bonds, at negotiated sale.

Sec. 26. Minnesota Statutes 2012, section 16B.24, subdivision 5, is amended to read:

Subd. 5. **Renting out state property.** (a) **Authority.** The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the State Executive Council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) **Restrictions.** Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the Department of Natural Resources, lands forfeited for delinquent taxes, or lands acquired under section 298.22.

(c) **Rental of living accommodations.** The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(d) **Lease of space in certain state buildings to state agencies.** The commissioner may lease portions of the state-owned buildings under the custodial control of the commissioner to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied.

Notwithstanding any law to the contrary, all money collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund. Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated asset preservation and replacement account in a special revenue fund. Fifty percent of the money credited to the account each fiscal year must be transferred to the general fund. The remaining money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund. The commissioner shall not collect rent to recover bond interest costs or building depreciation costs for any appropriations utilized for the Capitol restoration project, between calendar years 2012 and 2017.

(e) **Lease of space in Andersen and Freeman buildings.** The commissioner may lease space in the Elmer L. Andersen and Orville L. Freeman buildings to state agencies and charge rent on the basis of space occupied. Money collected as rent under this paragraph to fund future building repairs must be credited to a segregated account for each building in the special revenue fund and is appropriated to the commissioner to make the repairs. When the state acquires title to each building, the account for that building must be abolished and any balance remaining in the account must be transferred to the appropriate asset preservation and replacement account created under paragraph (d).

Sec. 27. Minnesota Statutes 2012, section 16C.144, subdivision 2, is amended to read:

Subd. 2. **Guaranteed energy-savings agreement.** The commissioner may enter into a guaranteed energy-savings agreement with a qualified provider if:

(1) the qualified provider is selected through a competitive process in accordance with the guaranteed energy-savings program guidelines within the Department of Administration;

(2) the qualified provider agrees to submit an engineering report prior to the execution of the guaranteed energy-savings agreement. The cost of the engineering report may be considered as part of the implementation costs if the commissioner enters into a guaranteed energy-savings agreement with the provider;

(3) the term of the guaranteed energy-savings agreement shall not exceed 15 years from the date of final installation;

(4) the commissioner finds that the amount it would spend on the utility cost-savings measures recommended in the engineering report will not exceed the amount to be saved in utility operation and maintenance costs over ~~15~~ 20 years from the date of implementation of utility cost-savings measures;

(5) the qualified provider provides a written guarantee that the annual utility, operation, and maintenance cost savings during the term of the guaranteed energy-savings agreement will meet or exceed the annual payments due under a lease purchase agreement. The qualified provider shall reimburse the state for any shortfall of guaranteed utility, operation, and maintenance cost savings; and

(6) the qualified provider gives a sufficient bond in accordance with section 574.26 to the commissioner for the faithful implementation and installation of the utility cost-savings measures.

Sec. 28. Minnesota Statutes 2012, section 16C.144, subdivision 3, is amended to read:

Subd. 3. **Lease purchase agreement.** The commissioner may enter into a lease purchase agreement with any party for the implementation of utility cost-savings measures in accordance with the guaranteed energy-savings agreement. The implementation costs of the utility cost-savings measures recommended in the engineering report shall not exceed the amount to be saved in utility and operation and maintenance costs over the term of the lease purchase agreement. The term of the lease purchase agreement shall not exceed ~~15~~ 20 years from the date of final installation. The lease is assignable in accordance with terms approved by the commissioner of management and budget.

Sec. 29. **[116J.434] PUBLIC BUILDING ACCESSIBILITY GRANT PROGRAM.**

Subdivision 1. **Creation of account.** A public building accessibility account is created in the bond proceeds fund. Money in the account is appropriated to the commissioner for grants under this section.

Subd. 2. **Definitions.** For the purposes of this section:

(1) "accessible" means satisfies the requirements of the State Building Code for accessibility by persons with disabilities;

(2) "eligible project" means predesign, design, acquisition of land or an interest in land, construction, renovation, or other improvement or betterment of a capital nature to make a building or facility owned by a local government unit accessible or improve its accessibility;

(3) "governing body" means the county board of commissioners, city council, or town board of supervisors; and

(4) "local government unit" means a county, statutory or home rule charter city, or town.

Subd. 3. **Grant program established.** The commissioner shall make grants to local government units on a first-come, first-served basis for eligible projects.

Subd. 4. **Application.** A local government unit seeking a grant under this section must apply to the commissioner in the form and manner determined by the commissioner. The application must include:

(1) a resolution of the governing body requesting the grant and stating that the local government unit has or will have in a timely manner the required nonstate contribution necessary to complete the project;

(2) a detailed description of the project and cost estimate, along with necessary supporting evidence; and

(3) any other information the commissioner determines is necessary or useful.

Subd. 5. **Maximum grant amount; match.** A local unit of government must not be awarded in aggregate more than $150,000, whether for one or more projects in one or more years. The local government unit awarded a grant under this section must provide at least an equal amount from nonstate sources, which may include contributions made before the grant is awarded.

Sec. 30. Minnesota Statutes 2012, section 123B.65, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** The definitions in this subdivision apply to this section.

(a) "Energy conservation measure" means a training program or facility alteration designed to reduce energy consumption or operating costs and includes:

(1) insulation of the building structure and systems within the building;

(2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;

(3) automatic energy control systems;

(4) heating, ventilating, or air conditioning system modifications or replacements;

(5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless such increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;

(6) energy recovery systems;

(7) cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;

(8) energy conservation measures that provide long-term operating cost reductions.

(b) "Guaranteed energy-savings contract" means a contract for the evaluation and recommendations of energy conservation measures, and for one or more energy conservation measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed ~~15~~ 20 years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(c) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures. A qualified provider to whom the contract is awarded shall give a sufficient bond to the school district for its faithful performance.

(d) "Commissioner" means the commissioner of commerce through the state energy office.

Sec. 31. Minnesota Statutes 2012, section 123B.65, subdivision 7, is amended to read:

Subd. 7. **District action.** A district may enter into a guaranteed energy-savings contract with a qualified provider if, after review of the report and the commissioner's evaluation if requested, or if required under section 216C.372, the board finds that the amount it would spend on the energy conservation measures recommended in the report is not likely to exceed the amount to be saved in energy and operation costs over ~~15~~ 20 years from the date of installation if the recommendations in the report were followed, and the qualified provider provides a written guarantee that the energy or operating cost savings will meet or exceed the costs of the system. The guaranteed energy-savings contract may provide for payments over a period of time, not to exceed ~~15~~ 20 years. Notwithstanding section 123B.79, a district annually may transfer from the general fund to the reserve for operating capital account an amount up to the amount saved in energy and operation costs as a result of guaranteed energy-savings contracts.

Sec. 32. Minnesota Statutes 2012, section 129C.10, subdivision 3, is amended to read:

Subd. 3. **Powers and duties of board.** (a) The board has the powers necessary for the care, management, and control of the Perpich Center for Arts Education and any other school authorized in this chapter, and all ~~its~~ their real and personal property. The powers shall include, but are not limited to, those listed in this subdivision.

(b) The board may employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the Center for Arts Education and any other school authorized in this chapter.

(c) The board may receive and award grants. The board may establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance. The board must adopt internal procedures to administer and monitor aids and grants.

(d) The board may establish or coordinate evening, continuing education, extension, and summer programs for teachers and pupils.

(e) The board may identify pupils who have artistic talent, either demonstrated or potential, in dance, literary arts, media arts, music, theater, and visual arts, or in more than one art form.

(f) The board must educate pupils with artistic talent by providing:

(1) an interdisciplinary academic and arts program for pupils in the 11th and 12th grades. The total number of pupils accepted under this clause and clause (2) shall not exceed 310;

(2) additional instruction to pupils for a 13th grade. Pupils eligible for this instruction are those enrolled in 12th grade who need extra instruction and who apply to the board, or pupils enrolled in the 12th grade who do not meet learner outcomes established by the board;

(3) intensive arts seminars for one or two weeks for pupils in grades 9 to 12;

(4) summer arts institutes for pupils in grades 9 to 12;

(5) artist mentor and extension programs in regional sites; and

(6) teacher education programs for indirect curriculum delivery.

(g) The board may determine the location for the Perpich Center for Arts Education and any additional facilities related to the center, including the authority to lease a temporary facility.

(h) The board must plan for the enrollment of pupils on an equal basis from each congressional district.

(i) The board may establish task forces as needed to advise the board on policies and issues. The task forces expire as provided in section 15.059, subdivision 6.

(j) The board may request the commissioner of education for assistance and services.

(k) The board may enter into contracts with other public and private agencies and institutions for residential and building maintenance services if it determines that these services could be provided more efficiently and less expensively by a contractor than by the board itself. The board may also enter into contracts with public or private agencies and institutions, school districts or combinations of school districts, or service cooperatives to provide supplemental educational instruction and services.

(l) The board may provide or contract for services and programs by and for the Center for Arts Education, including a store, operating in connection with the center; theatrical events; and other programs and services that, in the determination of the board, serve the purposes of the center.

(m) The board may provide for transportation of pupils to and from the Center for Arts Education for all or part of the school year, as the board considers advisable and subject to its rules. Notwithstanding any other law to the contrary, the board may charge a reasonable fee for transportation of pupils. Every driver providing transportation of pupils under this paragraph must possess all qualifications required by the commissioner of education. The board may contract for furnishing authorized transportation under rules established by the commissioner of education and may purchase and furnish gasoline to a contract carrier for use in the performance of a contract with the board for transportation of pupils to and from the Center for Arts Education. When transportation is provided, scheduling of routes, establishment of the location of bus stops, the manner and method of transportation, the control and discipline of pupils, and any other related matter is within the sole discretion, control, and management of the board.

(n) The board may provide room and board for its pupils. If the board provides room and board, it shall charge a reasonable fee for the room and board. The fee is not subject to chapter 14 and is not a prohibited fee according to sections 123B.34 to 123B.39.

(o) The board may establish and set fees for services and programs. If the board sets fees not authorized or prohibited by the Minnesota public school fee law, it may do so without complying with the requirements of section 123B.38.

(p) The board may apply for all competitive grants administered by agencies of the state and other government or nongovernment sources.

Sec. 33. Minnesota Statutes 2012, section 129C.10, is amended by adding a subdivision to read:

Subd. 9. **Interdistrict voluntary integration magnet program.** The board may establish and operate an interdistrict integration magnet program according to section 129C.30.

Sec. 34. **[129C.30] CROSSWINDS INTEGRATION MAGNET SCHOOL.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Board" means the board of directors of the Perpich Center for Arts Education.

(c) "Crosswinds school" means the Crosswinds school in Woodbury operated during the 2012-2013 school year by Joint Powers District No. 6067, East Metro Integration District.

Subd. 2. **Board to operate Crosswinds school.** The board may operate the Crosswinds school with the powers and duties granted to it under this chapter.

Subd. 3. **General education funding.** (a) General education revenue must be paid to the Crosswinds school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, calculated without basic skills revenue, extended time revenue, alternative teacher compensation revenue, transition revenue, and transportation sparsity revenue, plus basic skills revenue, extended time revenue, basic alternative teacher compensation aid according to section 126C.10, subdivision 34, and transition revenue as though the school were a school district. The general education revenue for each extended time marginal cost pupil unit equals $4,378.

(b) General education revenue under paragraph (a) must be reduced by an amount equal to 75 percent of the school's equity revenue for that year.

Subd. 4. **Special education funding.** Special education aid must be paid to the Crosswinds school according to section 125A.76 as though it were a school district. The special education aid paid to the Crosswinds school shall be adjusted as follows:

(1) if the Crosswinds school does not receive general education revenue on behalf of the student according to subdivision 3, the aid shall be adjusted as provided in section 125A.11; or

(2) if the Crosswinds school receives general education revenue on behalf of the student according to subdivision 3, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraph (e).

Subd. 5. **Pupil transportation.** The board may transport pupils enrolled in the 2012-2013 school year to and from the Crosswinds school in succeeding school years regardless of the student's district of residence. Pupil transportation expenses under this section are reimbursable under section 124D.87.

Subd. 6. **Integration aid.** The Crosswinds school is eligible for integration aid as if it were a school district under section 124D.86 or any successor section.

Subd. 7. **Other aids, grants, revenue.** (a) The Crosswinds school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C as though it were a district.

(b) Notwithstanding paragraph (a), the Crosswinds school may not receive aid, a grant, or revenue if a levy is required to obtain the money, or if the aid, grant, or revenue replaces levy revenue that is not general education revenue, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school if it qualifies for the aid as though it were a school district.

(d) In the year-end report to the commissioner of education, the Crosswinds school shall report the total amount of funds received from grants and other outside sources.

Subd. 8. **Year-round programming.** The Crosswinds school may operate as a flexible learning year program under sections 124D.12 to 124D.127.

Subd. 9. **Data requirements.** The commissioner of education shall require the Crosswinds school to follow the budget and accounting procedures required for school districts, and the Crosswinds school shall report all data to the Department of Education in the form and manner required by the commissioner.

Sec. 35. Minnesota Statutes 2012, section 216C.10, is amended to read:

216C.10 COMMISSIONER POWERS.

(a) The commissioner may:

(1) adopt rules under chapter 14 as necessary to carry out the purposes of sections 216C.05 to 216C.30;

(2) make all contracts under sections 216C.05 to 216C.30 and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended for the administration of sections 216C.05 to 216C.30;

(3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(4) administer for the state, energy programs under federal law, regulations, or guidelines, and coordinate the programs and activities with other state agencies, units of local government, and educational institutions;

(5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

(6) perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;

(7) assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;

(8) manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner;

(9) intervene in certificate of need proceedings before the Public Utilities Commission;

(10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations, which fees must be used to pay the department's costs in administering those financial aids; ~~and~~

(11) collect fees from proposers and operators of conservation and other energy-related programs that are reviewed, evaluated, or approved by the department, other than proposers that are political subdivisions or community or nonprofit organizations, to cover the department's cost in making the reviewal, evaluation, or approval and in developing additional programs for others to operate~~.~~; and

(12) fix, charge, and collect fees from state agencies, units of local government, education institutions, and others that use the department's technical support services during a guaranteed energy savings program contract under sections 16C.144, 123B.65, and 471.345, or during an energy improvement financing program for local governments under section 216C.43, to make those services self-funding. An energy performance contracting fund is established as a special revenue account in the state treasury. Fees collected and interest, dividends, and any other earnings arising from fund assets must be credited to the fund.

(b) Notwithstanding any other law, the commissioner is designated the state agent to apply for, receive, and accept federal or other funds made available to the state for the purposes of sections 216C.05 to 216C.30.

Sec. 36. **[216C.371] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of this section and section 216C.372, the following terms have the meanings given them.

Subd. 2. **Capital improvement.** "Capital improvement" means the acquisition or betterment of public land, buildings, and other public improvements of a capital nature, as permitted by the Minnesota Constitution, article XI, section 5, clause (a). It does not include repair or maintenance.

Subd. 3. **Energy audit.** "Energy audit" has the meaning given in section 216C.435, subdivision 4.

Subd. 4. **Energy improvement.** "Energy improvement" means a renovation or retrofitting of a school building that is permanently affixed to the property and that results in a net reduction in energy consumption without altering the principal source of energy.

Subd. 5. **Engineering report.** "Engineering report" has the meaning given in section 16C.144, subdivision 1, paragraph (k).

Subd. 6. **School building.** "School building" means a permanent structure owned by and used for school district purposes that has a permanently installed heating or cooling system.

Subd. 7. **School district.** "School district" means a public independent, common, special, or intermediate school district or a charter school.

Subd. 8. **Statewide greenhouse gas emissions.** "Statewide greenhouse gas emissions" has the meaning given in section 216H.01, subdivision 2.

Sec. 37. **[216C.372] SCHOOL ENERGY CONSERVATION REVOLVING LOAN PROGRAM.**

Subdivision 1. **Loan program established.** A school energy conservation revolving loan program account is established in the bond proceeds fund to receive appropriations of state bond proceeds. Money in the account is appropriated to the commissioner of commerce to make loans to school districts for eligible capital improvement projects as provided in this section and to pay reasonable and actual costs of administering the loan program, not to exceed interest earned on fund assets. The commissioner of management and budget must credit to the account all investment income on money in the account, and all repayments of principal and interest. Section 16A.642 does not apply to money in the account or the program. The commissioner of commerce shall manage and administer the revolving loan program and individual accounts in the revolving loan account.

Subd. 2. **Purpose.** The school energy conservation revolving loan program is created to provide financial assistance to school districts to make energy improvements in school buildings that reduce statewide greenhouse gas emissions and improve indoor air quality in schools.

Subd. 3. **Limitations.** The commissioner of commerce shall make loans on a first-come, first-served basis.

Subd. 4. **Applications.** (a) A school district applying for a loan must submit an application to the commissioner of commerce in the manner and on forms prescribed by the commissioner. An applicant must provide the following information:

(1) the name and contact information of the school district and the persons responsible for loan administration and project implementation matters;

(2) the estimated total cost of the capital improvement project and the amount of the loan sought;

(3) a description of the energy improvements to be made to school buildings as part of the project, and new equipment and materials to be installed;

(4) the proposed methods and sources of funds to be used to repay a loan made under this section;

(5) the proposed source of matching funds to be used in conjunction with a loan made under this section, as required under subdivision 5, including, where the source of matching funds is a guaranteed energy-savings contract entered into under section 16C.144 or section 123B.54, or a lease purchase agreement entered into under section 16C.144, a copy of the proposed guaranteed energy-savings contract or lease purchase agreement;

(6) the results of an energy audit conducted by an independent contractor, or an engineering report prepared by a contractor qualified through section 16C.144 or section 216C.43, estimating the energy savings that will be realized as a result of the project;

(7) a description of the projected improvements in indoor air quality achieved as a result of the project, if applicable; and

(8) any additional information requested by the commissioner of commerce.

(b) A school district may, in consultation with the commissioner of commerce, evaluate the use of the guaranteed energy-savings program outlined in section 16C.144 or an energy improvement financing program for local governments outlined in section 216C.43 before making an application for the school energy conservation loan program.

Subd. 5. **Loan conditions.** (a) A loan made under this section must:

(1) represent no more than one-half of the total cost of the project;

(2) have a repayment term no longer than 20 years;

(3) bear interest at or below the market rate; and

(4) finance no energy improvement whose useful life is less than the loan term.

(b) A school district loan recipient may apply towards the school district's share of the total project costs the amount that the school district spent on the energy audit or engineering report, and any amounts it spends to implement energy audit or engineering report recommendations that are part of the overall project but that are not eligible for financing with the loan money.

Subd. 6. **Commissioner review.** The commissioner shall review applications filed under this section and shall notify a school district in writing of the decision to approve or disapprove the application. If the commissioner disapproves an application, the notice shall contain the reasons why the application was disapproved. If an approved application includes a proposed guaranteed energy-savings contract or lease purchase agreement as a source of matching funds, the notice shall contain the commissioner's comments and recommendations regarding the provisions of the guaranteed energy-savings contract or lease purchase agreement.

Subd. 7. **Biennial report.** The commissioner of commerce shall report by February 1 of each even-numbered year to the chairs and ranking minority members of the committees of the house of representatives and senate with jurisdiction over energy policy, education finance, and capital investment. The report must identify the school districts and school buildings in which projects have been financed through the program, the amount of the loans, the total project costs, the estimated and, if possible, measured energy savings and greenhouse gas emissions reductions, the demand for loans and the availability of loan money, and any other information the commissioner determines would be useful to the legislature. The commissioner shall also submit the report as required in section 3.195.

Sec. 38. Minnesota Statutes 2012, section 240A.09, is amended to read:

240A.09 PLAN DEVELOPMENT; CRITERIA.

The Minnesota Amateur Sports Commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit. Institutions of higher education are not eligible to receive a grant.

(b) In the metropolitan area as defined in section 473.121, subdivision 2, the commission is encouraged to give priority to the following proposals:

(1) proposals for renovation and indoor air quality improvements at an existing indoor ice arena;

~~(1)~~ (2) proposals for construction of two or more ice sheets in a single new facility;

~~(2)~~ (3) proposals for construction of an additional sheet of ice at an existing ice center;

~~(3)~~ (4) proposals for construction of a new, single sheet of ice as part of a sports complex with multiple sports facilities; and

~~(4)~~ (5) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.

(c) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(d) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(e) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(f) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(g) The commission may also use the money to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(h) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(i) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, redesign, installation, renovation of heating, ventilating, and air conditioning systems, and operation, including the marketing of ice time.

(j) A grant for new facilities may not exceed $250,000.

(k) The commission may make grants for rehabilitation and renovation. A rehabilitation or renovation grant may not exceed ~~$100,000~~ $200,000. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment and the upgrading of heating, ventilating, and air conditioning systems which may include electronic indoor air monitoring devices.

(l) Grant money may be used for ice centers designed for sports other than hockey.

(m) Grant money may be used to upgrade existing facilities to comply with the bleacher safety requirements of section 326B.112.

Sec. 39. Minnesota Statutes 2012, section 462A.37, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Abandoned property" has the meaning given in section 117.025, subdivision 5.

(c) "Community land trust" means an entity that meets the requirements of section 462A.31, subdivisions 1 and 2.

(d) "Debt service" means the amount payable in any fiscal year of principal, premium, if any, and interest on housing infrastructure bonds and the fees, charges, and expenses related to the bonds.

(e) "Foreclosed property" means residential property where foreclosure proceedings have been initiated or have been completed and title transferred or where title is transferred in lieu of foreclosure.

(f) "Housing infrastructure bonds" means bonds issued by the agency under this chapter that are qualified 501(c)(3) bonds, within the meaning of Section 145(a) of the Internal Revenue Code, finance qualified residential rental projects within the meaning of Section 142(d) of the Internal Revenue Code, or are tax-exempt bonds that are not private activity bonds, within the meaning of Section 141(a) of the Internal Revenue Code, for the purpose of financing or refinancing affordable housing authorized under this chapter.

(g) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

(h) "Supportive housing" means housing that is not time-limited and provides or coordinates with linkages to services necessary for residents to maintain housing stability and maximize opportunities for education and employment.

Sec. 40. Minnesota Statutes 2012, section 462A.37, is amended by adding a subdivision to read:

Subd. 2a. **Additional authorization.** In addition to the amount authorized in subdivision 2, the agency may issue up to $35,000,000 of housing infrastructure bonds in one or more series to which the payments made under this section may be pledged.

Sec. 41. Minnesota Statutes 2012, section 462A.37, is amended by adding a subdivision to read:

Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the commissioner of management and budget the actual amount of annual debt service on each series of bonds issued under subdivision 2a.

(b) Each July 15, beginning in 2014 and through 2033, if any housing infrastructure bonds issued under subdivision 2a remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 32, the amount certified under paragraph (a), not to exceed $2,590,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(c) The agency may pledge to the payment of the housing infrastructure bonds the payments to be made by the state under this section.

Sec. 42. Laws 2002, chapter 393, section 22, subdivision 6, as amended by Laws 2005, chapter 20, article 1, section 43, is amended to read:

Subd. 6. **Fergus Falls Regional Treatment Center** 3,000,000

To design, renovate, construct, furnish, and equip ancillary support and program facilities, including improvements to basic infrastructure to be owned by a public entity, such as sanitary and storm sewer and water lines, public streets, curb, gutter, street lights, or sidewalks, to make improvements for building envelope and structural integrity, for hazardous materials abatement, and for demolition ~~that will facilitate the relocation of the facility's ancillary support, treatment, and residential programs from the Kirkbride buildings and~~ of all or portions of surplus, nonfunctional, or deteriorated facilities and infrastructure or to renovate surplus, nonfunctional, or deteriorated facilities and infrastructure to facilitate the ~~disposition~~ redevelopment

of the Fergus Falls Regional Treatment Center campus. If the property is sold or transferred to a local unit of government, the unspent portion of this appropriation may be granted to the local unit of government that acquires the campus for the purposes stated in this subdivision.

Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of bond proceeds in this subdivision are available until December 31, 2016.

Sec. 43. Laws 2005, chapter 20, article 1, section 20, subdivision 3, as amended by Laws 2006, chapter 258, section 47, is amended to read:

Subd. 3. **Systemwide Redevelopment, Reuse, or Demolition** 17,600,000

To demolish or improve surplus, nonfunctional, or deteriorated facilities and infrastructure at Department of Human Services campuses statewide.

(a) Up to $8,600,000 may be used to predesign, design, construct, furnish, and equip renovation of existing space or construction of new space for skilled nursing home capacity for forensic treatment programs operated by state-operated services on the campus of St. Peter Regional Treatment Center.

(b) $4,000,000 may be used to prepare and develop a site, including demolition of buildings and infrastructure, to implement the redevelopment and reuse of the Ah-Gwah-Ching Regional Treatment Center campus. If the property is sold or transferred to a local unit of government, the unspent portion of this appropriation may be granted to the local unit of government that acquires the campus for the purposes stated in this subdivision.

Up to $400,000 may be used for a grant to the city of Walker to connect the water reservoir to the city.

(c) $1,000,000 may be used to renovate one or more buildings for chemical dependency treatment specializing in methamphetamine addiction, and demolish buildings, on the Willmar Regional Treatment Center campus. If the property is sold or transferred to a local unit of government, the unspent portion of this appropriation may be granted to the local unit of government that acquires the campus for the purposes stated in this subdivision.

(d) Up to $2,210,000 may be spent by the commissioner of finance to retire municipal bonds issued by the city of Fergus Falls and to retire interfund loans incurred by the city of Fergus Falls in connection with the waste incinerator and steam heating facility at the Fergus Falls Regional Treatment Center. $447,610 of unexpended nonsalary money from state-operated services may be transferred as a grant to the city of Fergus Falls to retire interfund loans incurred by the city of Fergus Falls in connection with the waste incinerator and steam

heating facility at the Fergus Falls Regional Treatment Center. This money is only available upon satisfactory completion of implementation of the final master plan agreement, as approved by the Department of Administration, the Department of Human Services, and the city of Fergus Falls.

(e) Up to $400,000 may be used for a grant to the city of Fergus Falls for hazardous materials abatement, improvements to basic infrastructure to be owned by a public entity, including sanitary and storm sewer and water lines, public streets, curb, gutter, street lights, or sidewalks, to make improvements for building envelope and structural integrity, and to demolish all or portions of surplus, nonfunctional, or deteriorated facilities and infrastructure or to renovate surplus, nonfunctional, or deteriorated facilities and infrastructure to facilitate redevelopment of the ~~city's waste-to-energy incineration plant located on the grounds of the~~ Fergus Falls Regional Treatment Center campus.

Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of bond proceeds in this paragraph are available until December 31, 2016.

(f) The provisions, terms, and conditions of any grant made by the director of the Office of Environmental Assistance under Minnesota Statutes, chapter 115A, to the city of Fergus Falls for the waste incinerator steam heating facility that supports the Fergus Falls Regional Treatment Center and that may come into effect as a result of the incinerator and facility being closed, are hereby waived.

Sec. 44. Laws 2005, chapter 20, article 1, section 23, subdivision 12, as amended by Laws 2006, chapter 171, section 2, Laws 2006, chapter 258, section 50, and Laws 2010, chapter 189, section 47, is amended to read:

Subd. 12. **Bioscience Development** 18,500,000

For grants to political subdivisions to predesign, design, acquire, construct, furnish, and equip publicly owned infrastructure required to support bioscience development in this state.

$2,500,000 is for a grant to the city of Worthington. The $313,947.17 remaining from this appropriation, which was reported to the legislature according to Minnesota Statutes, section 16A.642, subdivision 1, on January 2, 2013, is reauthorized and does not cancel under the terms of that subdivision. The bond sale authorization and appropriation of bond proceeds for this project are available until December 31, 2016, and also may be used to design, construct, furnish, and equip a laboratory and technology training center on the site supported by the infrastructure.

$14,000,000 cumulatively is for grants to the counties of Ramsey and Anoka for public improvements to the portion of County Road J located within each county, and for road and bridge improvement

costs at marked Trunk Highway 36 and Rice Street in Ramsey County in support of bioscience business development. This amount may be used to repay loans the proceeds of which were used for the public improvement. The grants to the individual counties shall be in amounts proportionate to the individual counties' costs associated with the public improvements.

$2,000,000 is for bioscience business development public infrastructure grants under new Minnesota Statutes, section 116J.435.

Sec. 45. Laws 2006, chapter 258, section 17, subdivision 8, as amended by Laws 2008, chapter 179, section 64, and Laws 2011, First Special Session chapter 12, section 30, is amended to read:

Subd. 8. **Metropolitan Regional Parks Capital Improvements** 35,362,000

For the cost of improvements and betterments of a capital nature and acquisition by the council and local government units of regional recreational open-space lands in accordance with the council's policy plan as provided in Minnesota Statutes, section 473.147. Priority must be given to park rehabilitation and land acquisition projects.

$300,000 is for a grant to the city of Bloomington for environmental analysis and review, design, and ~~construction of a multimodal trail connection across or through Long Meadow Lake in the vicinity of the old Cedar Avenue bridge and for development of a segment of the Minnesota Valley State Trail from Fort Snelling State Park to the Long Meadow Lake crossing to serve as a hiking and bicycling trail connection~~ to renovate and restore, or to replace, the Old Cedar Avenue Bridge for bicycle commuters and recreational users. Notwithstanding Minnesota Statutes, section 16A.642, the bond sale authorization and appropriation of bond proceeds for this project are available until December 31, 2017.

$6,000,000 is for a grant to the county of Dakota to acquire land for a regional park and wildlife area adjacent to the Vermillion Highlands Research, Recreation, and Wildlife Management Area in Dakota County.

$1,800,000 is for a grant to the city of Minneapolis to complete land acquisition for and construction of the Cedar Lake Trail.

$3,500,000 is for a grant to the Minneapolis Park and Recreation Board to design, construct, furnish, and equip a new cultural and community center in the East Phillips neighborhood in Minneapolis.

$250,000 is for a grant to the Minneapolis Park and Recreation Board to predesign completion of the Grand Rounds National Scenic Byway by providing a link between northeast Minneapolis on Stinson Avenue and Southeast Minneapolis at East River Road.

$2,500,000 is for a grant to the Minneapolis Park and Recreation Board to mitigate flooding at Lake of the Isles in the city of Minneapolis. The grant must be used for shoreline stabilization and restoration, dredging, wetland replacement, and other infrastructure improvements necessary to deal with the 1997 flood damage and to prevent future flooding.

$321,000 is for a grant to Ramsey County to construct a bicycle and pedestrian trail on the north side of Lower Afton Road between Century Avenue and McKnight Road in the city of Maplewood. This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

$9,000,000 is for a grant to the city of St. Paul to predesign, design, construct, furnish, equip, and redevelop infrastructure at the Como Zoo.

$2,500,000 is for a grant to the city of St. Paul to acquire land for and to predesign, design, construct, furnish, and equip river park development and redevelopment infrastructure in National Great River Park along the Mississippi River in St. Paul.

$2,000,000 is for a grant to the city of South St. Paul for the closure, capping, and remediation of approximately 80 acres of the Port Crosby construction and demolition debris landfill in South St. Paul, as the fifth phase of converting the land into parkland, and to restore approximately 80 acres of riverfront land along the Mississippi River.

$191,000 is for a grant to the city of White Bear Lake to construct the Lake Avenue Regional Trail connecting Highway 96 Regional Trail with Ramsey Beach.

Sec. 46. Laws 2006, chapter 258, section 18, subdivision 6, is amended to read:

Subd. 6. **Systemwide Redevelopment, Reuse, or Demolition** 5,000,000

To <u>abate hazardous materials, design, construct, or improve basic infrastructure to be owned by a public entity, including sanitary and storm sewer and water lines, public streets, curb, gutter, street lights, or sidewalks, to make improvements for building envelope and structural integrity,</u> demolish <u>all or portions of</u> surplus, nonfunctional, or deteriorated facilities and infrastructure or to renovate surplus, nonfunctional, or deteriorated facilities and infrastructure ~~at~~ <u>to facilitate redevelopment of</u> Department of Human Services campuses that the commissioner of administration is authorized to convey to a local unit of government under Laws 2005, chapter 20, article 1, section 46, or other law. These projects must facilitate the redevelopment or reuse of these campuses and must be implemented

consistent with the comprehensive redevelopment plans developed and approved under Laws 2003, First Special Session chapter 14, article 6, section 64, subdivision 2, unless expressly provided otherwise. If a surplus campus is sold or transferred to a local unit of government, unspent portions of this appropriation may be granted to that local unit of government for the purposes stated in this subdivision. Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of bond proceeds in this subdivision are available until December 31, 2016.

Sec. 47. Laws 2008, chapter 179, section 7, subdivision 26, as amended by Laws 2009, chapter 7, section 1, is amended to read:

Subd. 26. **Regional and Local Park Grants** 1,621,000

An appropriation in this subdivision is not available unless a covenant is placed, or has been placed, on the land to keep the land as a public park in perpetuity.

$492,000 is for a grant to Stearns County to acquire 23 acres of land adjacent to Warner Lake Park in Stearns County to serve as part of the Central Minnesota Parks and Trails.

$500,000 is for a grant to Chisago City to acquire land for the creation of Ojiketa Regional Park in Chisago County.

$129,000 is for a grant to the city of Ortonville to construct improvements of a capital nature at the Minnesota River Regional Park in the city of Ortonville.

$500,000 is for a grant to the city of Sartell to acquire up to 68 acres of land located along the Sauk River near the confluence of the Mississippi to serve as part of the Central Minnesota Regional Parks and Trails. This appropriation, which was reported to the legislature according to Minnesota Statutes, section 16A.642, subdivision 1, on January 2, 2013, is reauthorized and does not cancel under the terms of that subdivision. The bond sale authorization and appropriation of bond proceeds for this project are available until December 31, 2016.

Sec. 48. Laws 2008, chapter 365, section 4, subdivision 3, as amended by Laws 2010, chapter 189, section 58, and Laws 2011, First Special Session chapter 12, section 36, is amended to read:

Subd. 3. **Old Cedar Avenue Bridge** 2,000,000

For a grant to the city of Bloomington for environmental analysis and review, design, and ~~construction of a multimodal trail connection across or through Long Meadow Lake in the vicinity of the old Cedar Avenue Bridge and for development of a segment of the Minnesota Valley State Trail from Fort Snelling State Park to the Long Meadow Lake crossing~~ to renovate and restore, or to

replace, the old Cedar Avenue Bridge for bicycle commuters and recreational users. This appropriation is added to the appropriation in Laws 2006, chapter 258, section 17, subdivision 8, as amended. Notwithstanding Minnesota Statutes, section 16A.642, the bond sale authorization and appropriation of bond proceeds for this project are available until December 31, 2017.

Sec. 49. Laws 2009, chapter 93, article 1, section 22, the effective date, as amended by Laws 2011, First Special Session chapter 12, section 38, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment ~~and expires July 1, 2013~~.

Sec. 50. Laws 2010, chapter 189, section 16, subdivision 4, as amended by Laws 2011, First Special Session chapter 12, section 45, is amended to read:

Subd. 4. **Metropolitan Regional Parks and Trails Capital Improvements**

(a) **Metropolitan Council Priorities** 10,500,000

For the cost of improvements and betterments of a capital nature and acquisition by the council and local government units of regional recreational open-space lands in accordance with the council's policy plan as provided in Minnesota Statutes, section 473.147. Priority must be given to park rehabilitation and land acquisition projects. This appropriation must not be used to purchase easements.

(b) **Como Zoo** 11,000,000

For a grant to the city of St. Paul to predesign, design, construct, furnish, and equip phase 2 renovation of exhibits at the Como Zoo.

(d) **Old Cedar Avenue Bridge** 1,000,000

For a grant to the city of Bloomington for environmental analysis and review, design, and ~~construction of a multimodal trail connection across or through Long Meadow Lake in the vicinity of the Old Cedar Avenue Bridge and for development of a segment of the Minnesota Valley State Trail from Fort Snelling State Park to the Long Meadow Lake crossing~~ to renovate and restore, or to replace, the old Cedar Avenue Bridge for bicycle commuters and recreational users. The city of Bloomington must consult with the city of Eagan and Dakota County on the ~~renovation~~ project. Notwithstanding Minnesota Statutes, section 16A.642, the bond sale authorization and appropriation of bond proceeds for this project are available until December 31, 2017.

This appropriation is added to the appropriation in Laws 2008, chapter 365, section 4, subdivision 3, as amended by this act.

(f) **Rock Island Bridge Park and Trail Development** 1,000,000

For a grant to the city of Inver Grove Heights for park and trail development on the west bank of the Mississippi River in Dakota County at the site of Mississippi River Bridge JAR 5600, commonly known as the Rock Island Bridge. Any park or trails developed with this appropriation must connect with any local, regional, or state trails in the vicinity, and the historic Rock Island Bridge.

(i) **Veterans Memorial Parks** 2,000,000

For a grant to the Minneapolis Park and Recreation Board to: (1) design and construct an appropriate monument in Sheridan Veterans Memorial Park on the Mississippi River in Minneapolis to memorialize the war service of Minnesota veterans of all wars; and (2) match money provided by Hennepin County to restore the flagpole monument and plaza, and make other infrastructure improvements of a capital nature for the Veterans of World War I Victory Memorial Parkway, consistent with Hennepin County's planned infrastructure improvements.

Sec. 51. **OPTIONS FOR TRANSFER OF CROSSWINDS SCHOOL FACILITIES.**

Subdivision 1. **Transfer.** Notwithstanding the appropriation of state general obligation bond proceeds in Laws 1998, chapter 404, section 5, subdivision 5; Laws 1999, chapter 240, article 1, section 3; Laws 2000, chapter 492, article 1, section 5, subdivision 2; Laws 2001, First Special Session chapter 12, section 2, subdivision 2; and Laws 2005, chapter 20, article 1, section 5, subdivision 3, to acquire and better the Crosswinds school facilities by the Joint Powers District No. 6067, East Metro Integration District, in Woodbury, the Crosswinds school may be conveyed to the Perpich Center for Arts Education or to Independent School District 833, South Washington County Schools, for use as an east metropolitan area integration magnet school.

Subd. 2. **Sale.** If Joint Powers District No. 6067, East Metro Integration District, does not transfer the Crosswinds school facilities under subdivision 1, it may sell the school at public sale for an amount at least equal to the total amount of state general obligation bond proceeds used to acquire and better the school. The proceeds of the sale must be allocated as provided in Minnesota Statutes, section 16A.695. Upon the sale under this subdivision, the school facilities are no longer state bond-financed property and may be used for any purpose.

Sec. 52. **CROSSWINDS SCHOOL TRANSITION TO PERPICH CENTER FOR ARTS EDUCATION.**

Subdivision 1. **Application.** This section applies if the Crosswinds school facilities are transferred to the Perpich Center for Arts Education under section 51, subdivision 1, prior to the 2013-2014 school year.

Subd. 2. **Staff transferred; contracts to remain separate.** As soon as practicable, the Perpich Center for Arts Education must notify all licensed and unlicensed employees of the East Metro Integration District assigned to the Crosswinds school as of February 1, 2013, except administrative employees, of open positions for the 2013-2014 school year. Employees shall notify the Perpich Center for Arts Education within 30 days if they request appointment to a position. All requests must be granted. The commissioner of management and budget shall assign these employees to the appropriate job classes in the state civil service. Terms and conditions of employment for the transferred employees on and after August 1, 2013, shall be determined by the collective bargaining agreement or compensation plan applicable to each job class, provided that:

(1) a person who becomes a state employee under this section will have seniority with the state as of the date the person became an employee of the East Metro Integration District;

(2) if a person took a leave of absence from another school district to become an employee of the East Metro Integration District, the person will have seniority with the state as of the date the person first became an employee of the school district from which the employee took the leave of absence;

(3) a separate seniority list shall be maintained for the Crosswinds site of the Perpich Center for Arts Education from the seniority list for the Golden Valley site;

(4) the staff member shall receive the greater of:

(i) credit on the appointing salary schedule for the Perpich Center for Arts Education for the staff member's years of continuous service under contract with the East Metro Integration District and any member district, if applicable, and for the staff member's educational attainment at the time of appointment; or

(ii) the salary that the staff member received in the East Metro Integration District;

(5) all staff appointed to the Crosswinds site of the Perpich Center for Arts Education under this subdivision shall be deemed to have completed any applicable probationary period; and

(6) all staff appointed to the Crosswinds site of the Perpich Center for Arts Education under this subdivision shall receive credit for accumulations of sick leave, vacation, paid time off, rights to severance benefits, and any other benefits, as if the staff member had been employed by the Perpich Center for Arts Education during the staff member's years of employment by the East Metro Integration District.

Subd. 3. **Student enrollment.** Any student enrolled in the Crosswinds school during the 2012-2013 school year may continue to enroll in the Crosswinds school in any subsequent year. For the 2013-2014 school year and later, a student may apply for enrollment to the school at any time in the method and manner prescribed by the board.

Subd. 4. **Compensatory revenue.** For the 2013-2014 school year only, the Department of Education must calculate compensatory revenue for the Crosswinds school based on the fall 2012 enrollment counts at that site.

Subd. 5. **Title 1 funding.** To the extent possible, the Department of Education must qualify the Crosswinds school for Title 1 funding as if the program were still operated by Joint Powers District No. 6067, East Metro Integration District.

Subd. 6. **Timelines notwithstanding.** Any timelines established by resolution or otherwise by Joint Powers Board No. 6067, East Metro Integration District, to convey the Crosswinds school to another party are waived and are without effect.

Sec. 53. **CROSSWINDS TRANSITION TO INDEPENDENT SCHOOL DISTRICT NO. 833, SOUTH WASHINGTON COUNTY DISTRICT.**

Subdivision 1. **Application.** This section applies if the Crosswinds school facilities are transferred to Independent School District No. 833, South Washington County school district, under section 51, subdivision 1, prior to the 2013-2014 school year.

Subd. 2. **Student enrollment.** A student enrolled in the Crosswinds school during the 2012-2013 school year may continue to enroll in the Crosswinds school in any subsequent year. For the 2013-2014 school year and later, other students may apply for enrollment to the school at any time in the method and manner prescribed by the board of Independent School District No. 833, South Washington County.

Subd. 3. **Compensatory revenue.** For the 2013-2014 school year only, the Department of Education must calculate compensatory revenue for the Crosswinds school based on the fall 2012 enrollment counts.

Subd. 4. **Year-round programming.** The Crosswinds school may operate as a flexible learning year program under Minnesota Statutes, sections 124D.12 to 124D.127.

Subd. 5. **Pupil transportation.** The board may transport pupils enrolled in the 2012-2013 school year to and from the Crosswinds school in succeeding school years regardless of the student's district of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

Sec. 54. **HARAMBEE COMMUNITY SCHOOL TRANSITION.**

Subdivision 1. **Facilities.** Notwithstanding the specified uses of state general obligation bond proceeds appropriated in this act and Laws 1994, chapter 643, section 14, subdivision 7, the real and personal property owned by the Joint Powers District No. 6067, East Metro Integration District, in Roseville, known as the Harambee community school, may be conveyed to Independent School District No. 623, Roseville, for operation of a school facility that serves students in any grade from early education through grade 12.

Subd. 2. **Student enrollment.** A student enrolled in the Harambee community school during the 2012-2013 school year may continue to enroll in the Harambee community school in any subsequent year. For the 2013-2014 school year and later, other students may apply for enrollment to the school at any time in the method and manner prescribed by the board of Independent School District No. 623, Roseville.

Subd. 3. **Compensatory revenue.** For the 2013-2014 school year only, the Department of Education must calculate compensatory revenue for the Harambee community school based on the fall 2012 enrollment counts.

Subd. 4. **Year-round programming.** Harambee community school may operate as a flexible learning year program under Minnesota Statutes, sections 124D.12 to 124D.127.

Subd. 5. **Pupil transportation.** The board may transport pupils enrolled in the 2012-2013 school year to and from the Harambee community school in succeeding school years regardless of the student's district of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

Sec. 55. **REPEALER.**

Minnesota Statutes 2012, section 116J.433, is repealed.

Sec. 56. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to capital investment; authorizing spending to acquire and better public land and buildings and other improvements of a capital nature with certain conditions; modifying previous appropriations; authorizing the Housing Finance Agency to issue housing infrastructure bonds; establishing new programs and modifying or repealing existing programs; extending the authority to use negotiated sales; authorizing the sale and issuance of state bonds; appropriating money; amending Minnesota Statutes 2012, sections 16A.641, subdivision 4a; 16B.24, subdivision 5; 16C.144, subdivisions 2, 3; 123B.65, subdivisions 1, 7; 129C.10, subdivision 3, by adding a subdivision; 216C.10; 240A.09; 462A.37, subdivision 1, by adding subdivisions; Laws 2002, chapter 393, section 22, subdivision 6, as amended; Laws 2005, chapter 20, article 1, sections 20, subdivision 3, as amended; 23,

subdivision 12, as amended; Laws 2006, chapter 258, sections 17, subdivision 8, as amended; 18, subdivision 6; Laws 2008, chapter 179, section 7, subdivision 26, as amended; Laws 2008, chapter 365, section 4, subdivision 3, as amended; Laws 2009, chapter 93, article 1, section 22, as amended; Laws 2010, chapter 189, section 16, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 116J; 129C; 216C; repealing Minnesota Statutes 2012, section 116J.433."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 568, A bill for an act relating to employment; modifying use of personal sick leave benefits; amending Minnesota Statutes 2012, sections 181.940, subdivision 4; 181.9413.

Reported the same back with the following amendments:

Page 2, line 3, before "This" insert "(a)"

Page 2, line 4, before the period, insert ", except as provided in paragraph (b)"

Page 2, after line 4, insert:

"(b) The effective date of this section for the state is July 1, 2015, or the effective date of a collective bargaining agreement or compensation plan containing the changes in this section that is approved under section 3.855, whichever is sooner."

With the recommendation that when so amended the bill pass.

The report was adopted.

Marquart from the Committee on Education Finance to which was referred:

H. F. No. 630, A bill for an act relating to education; providing funding for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, special programs, facilities and technology, nutrition, accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, and state agencies; appropriating money; amending Minnesota Statutes 2012, sections 120A.20, subdivision 1; 123A.73, subdivisions 3, 4, 5; 123B.42, subdivision 3; 123B.54; 123B.57, subdivision 4; 123B.59, subdivision 6; 123B.591, subdivisions 2, 3; 123B.75, subdivision 5; 123B.92, subdivisions 1, 9; 124D.02, subdivision 1; 124D.10, subdivisions 15, 17; 124D.11, subdivisions 1, 2, 4, 5; 124D.119; 124D.128, subdivision 2; 124D.4531, subdivision 1; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.86; 124D.98; 125A.11, subdivision 1; 125A.76, subdivisions 1, 4a, 8, by adding subdivisions; 125A.78, subdivision 2; 125A.79, subdivisions 1, 5, 8; 125B.26, subdivision 4; 126C.05, subdivisions 1, 5, 6; 126C.10, subdivisions 1, 2, 2c, 3, 7, 8, 13, 13a, 17, 18, 24, 27, 29, 31, 32, 35, by adding subdivisions; 126C.12, subdivision 1; 126C.13, subdivisions 4, 5; 126C.15, subdivision 2; 126C.17; 126C.20; 126C.40, subdivisions 1, 6; 126C.44; 127A.441; 127A.45, subdivisions 2, 13; 127A.47, subdivisions 7, 8; 127A.51; Laws 2011, First Special Session chapter 11, article 2, section 51; proposing coding for new law in Minnesota Statutes, chapters 121A; 123A; 124D; repealing Minnesota Statutes

2012, sections 120B.08; 120B.09; 124D.454, subdivisions 3, 10, 11; 124D.86, subdivision 6; 124D.98, subdivision 2; 125A.76, subdivisions 2, 4, 5, 7; 125A.79, subdivisions 6, 7; 126C.10, subdivisions 2a, 2b, 25, 26, 28, 31a, 31b, 31c; 126C.17, subdivision 13; 127A.50, subdivisions 1, 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
GENERAL EDUCATION

Section 1. Minnesota Statutes 2012, section 120A.20, subdivision 1, is amended to read:

Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or in part by state funds are public schools. Admission to a public school is free to any person who: (1) resides within the district that operates the school; (2) is under 21 years of age or who meets the requirements of paragraph (c); and (3) satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school is governed by a single set of reasonable rules and regulations promulgated by the school board.

(b) A person shall not be admitted to a public school (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a 1st grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age under section 124D.02.

(c) A pupil who becomes age 21 after enrollment is eligible for continued free public school enrollment until at least one of the following occurs: (1) the first September 1 after the pupil's 21st birthday; (2) the pupil's completion of the graduation requirements; (3) the pupil's withdrawal with no subsequent enrollment within 21 calendar days; or (4) the end of the school year.

Sec. 2. Minnesota Statutes 2012, section 120A.41, is amended to read:

120A.41 LENGTH OF SCHOOL YEAR; HOURS OF INSTRUCTION.

A school board's annual school calendar must include at least 850 hours of instruction for a kindergarten student without a disability in an all-day every day kindergarten program, at least 425 hours of instruction for a kindergarten student without a disability in a kindergarten program that is not all-day every day, 935 hours of instruction for a student in grades 1 though 6, and 1,020 hours of instruction for a student in grades 7 though 12, not including summer school. ~~Nothing in this section permits a school district to adopt~~ A school board's annual calendar must include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule ~~unless~~ has been approved by the commissioner under section 124D.126.

Sec. 3. Minnesota Statutes 2012, section 123B.41, subdivision 7, is amended to read:

Subd. 7. **Elementary pupils.** "Elementary pupils" means pupils in grades kindergarten through 6; provided, each kindergarten pupil in a half-day program shall be counted as one-half pupil for all computations pursuant to sections 123B.40 to 123B.42, and 123B.44 to 123B.48.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 4. Minnesota Statutes 2012, section 123B.88, subdivision 22, is amended to read:

Subd. 22. **Postsecondary enrollment options pupils.** Districts may provide bus transportation along school bus routes when space is available, for pupils attending programs at a postsecondary institution under the postsecondary enrollment options program. ~~The transportation is permitted only if it does not increase the district's expenditures for transportation.~~ Fees collected for this service under section 123B.36, subdivision 1, paragraph (13), shall be subtracted from the authorized cost for nonregular transportation for the purpose of section 123B.92. A school district may provide transportation for a pupil participating in an articulated program operated under an agreement between the school district and the postsecondary institution.

Sec. 5. Minnesota Statutes 2012, section 123B.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the terms defined in this subdivision have the meanings given to them.

(a) "Actual expenditure per pupil transported in the regular and excess transportation categories" means the quotient obtained by dividing:

(1) the sum of:

(i) all expenditures for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 15 percent per year for districts operating a program under section 124D.128 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on the district's type III vehicles, as defined in section 169.011, subdivision 71, which must be used a majority of the time for pupil transportation purposes, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses by:

(2) the number of pupils eligible for transportation in the regular category, as defined in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

(b) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is:

(i) transportation to and from school during the regular school year for resident elementary pupils residing one mile or more from the public or nonpublic school they attend, and resident secondary pupils residing two miles or more from the public or nonpublic school they attend, excluding desegregation transportation and noon kindergarten transportation; but with respect to transportation of pupils to and from nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

(ii) transportation of resident pupils to and from language immersion programs;

(iii) transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school;

(iv) transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; and

(v) transportation to and from school during the regular school year required under subdivision 3 for nonresident elementary pupils when the distance from the attendance area border to the public school is one mile or more, and for nonresident secondary pupils when the distance from the attendance area border to the public school is two miles or more, excluding desegregation transportation and noon kindergarten transportation.

For the purposes of this paragraph, a district may designate a licensed day care facility, school day care facility, respite care facility, the residence of a relative, or the residence of a person or other location chosen by the pupil's parent or guardian, or an after-school program for children operated by a political subdivision of the state, as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian, and if that facility, residence, or program is within the attendance area of the school the pupil attends.

(2) Excess transportation is:

(i) transportation to and from school during the regular school year for resident secondary pupils residing at least one mile but less than two miles from the public or nonpublic school they attend, and transportation to and from school for resident pupils residing less than one mile from school who are transported because of full-service school zones, extraordinary traffic, drug, or crime hazards; and

(ii) transportation to and from school during the regular school year required under subdivision 3 for nonresident secondary pupils when the distance from the attendance area border to the school is at least one mile but less than two miles from the public school they attend, and for nonresident pupils when the distance from the attendance area border to the school is less than one mile from the school and who are transported because of full-service school zones, extraordinary traffic, drug, or crime hazards.

(3) Desegregation transportation is transportation within and outside of the district during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the commissioner or under court order.

(4) "Transportation services for pupils with disabilities" is:

(i) transportation of pupils with disabilities who cannot be transported on a regular school bus between home or a respite care facility and school;

(ii) necessary transportation of pupils with disabilities from home or from school to other buildings, including centers such as developmental achievement centers, hospitals, and treatment centers where special instruction or services required by sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district where services are provided;

(iii) necessary transportation for resident pupils with disabilities required by sections 125A.12, and 125A.26 to 125A.48;

(iv) board and lodging for pupils with disabilities in a district maintaining special classes;

(v) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, and necessary transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils with disabilities who are provided special instruction and services on a shared-time basis or if resident pupils are not transported, the costs of necessary travel between public and private schools or neutral instructional sites by essential personnel employed by the district's program for children with a disability;

(vi) transportation for resident pupils with disabilities to and from board and lodging facilities when the pupil is boarded and lodged for educational purposes;

(vii) transportation of pupils for a curricular field trip activity on a school bus equipped with a power lift when the power lift is required by a student's disability or section 504 plan; and

(viii) services described in clauses (i) to (vii), when provided for pupils with disabilities in conjunction with a summer instructional program that relates to the pupil's individualized education program or in conjunction with a learning year program established under section 124D.128.

For purposes of computing special education initial aid under section 125A.76, ~~subdivision~~ subdivisions 2 and 2a, the cost of providing transportation for children with disabilities includes (A) the additional cost of transporting a homeless student from a temporary nonshelter home in another district to the school of origin, or a formerly homeless student from a permanent home in another district to the school of origin but only through the end of the academic year; and (B) depreciation on district-owned school buses purchased after July 1, 2005, and used primarily for transportation of pupils with disabilities, calculated according to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled transportation category must be excluded in calculating the actual expenditure per pupil transported in the regular and excess transportation categories according to paragraph (a). For purposes of subitem (A), a school district may transport a child who does not have a school of origin to the same school attended by that child's sibling, if the siblings are homeless.

(5) "Nonpublic nonregular transportation" is:

(i) transportation from one educational facility to another within the district for resident pupils enrolled on a shared-time basis in educational programs, excluding transportation for nonpublic pupils with disabilities under clause (4);

(ii) transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123B.44; and

(iii) late transportation home from school or between schools within a district for nonpublic school pupils involved in after-school activities.

(c) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123B.41, subdivision 13.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 123B.92, subdivision 5, is amended to read:

Subd. 5. **District reports.** (a) Each district must report data to the department as required by the department to account for transportation expenditures.

(b) Salaries and fringe benefits of district employees whose primary duties are other than transportation, including central office administrators and staff, building administrators and staff, teachers, social workers, school nurses, and instructional aides, must not be included in a district's transportation expenditures, except that a district may include salaries and benefits according to paragraph (c) for (1) an employee designated as the district transportation director, (2) an employee providing direct support to the transportation director, or (3) an employee providing direct transportation services such as a bus driver or bus aide.

(c) Salaries and fringe benefits of the district employees listed in paragraph (b), clauses (1), (2), and (3), who work part time in transportation and part time in other areas must not be included in a district's transportation expenditures unless the district maintains documentation of the employee's time spent on pupil transportation matters in the form and manner prescribed by the department.

(d) A school district that contracts for transportation service may allocate transportation expense to transportation categories based upon contract rates. Districts may only allocate transportation expense to transportation categories based upon contract rates if contract rates are reasonably consistent on a cost-per-hour, cost-per-mile, cost-per-route, or cost-per-student basis. In order to allocate transportation expense based upon contract rates, a school district, if audited, must be able to demonstrate to the auditor that variances in the application of transportation cost basis rates are appropriate.

(e) Pupil transportation expenditures, excluding expenditures for capital outlay, leased buses, student board and lodging, crossing guards, and aides on buses, must be allocated among transportation categories based on cost-per-mile or cost-per-student regardless of whether the transportation services are provided on district-owned or contractor-owned school buses. Expenditures for school bus driver salaries and fringe benefits may either be directly charged to the appropriate transportation category or may be allocated among transportation categories based on cost-per-mile or cost-per-student. Expenditures by private contractors or individuals who provide transportation exclusively in one transportation category must be charged directly to the appropriate transportation category. Transportation services provided by contractor-owned school bus companies incorporated under different names but owned by the same individual or group of individuals must be treated as the same company for cost allocation purposes.

~~(e) Notwithstanding paragraph (d), districts contracting for transportation services are exempt from the standard cost allocation method for authorized and nonauthorized transportation categories if the district: (1) bids its contracts separately for authorized and nonauthorized transportation categories and for special transportation separate from regular and excess transportation; (2) receives bids or quotes from more than one vendor for these transportation categories; and (3) the district's cost per mile does not vary more than ten percent among categories, excluding salaries and fringe benefits of bus aides. If the costs reported by the district for contractor-owned operations vary by more than ten percent among categories, the department shall require the district to reallocate its transportation costs, excluding salaries and fringe benefits of bus aides, among all categories.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 7. Minnesota Statutes 2012, section 124D.02, subdivision 1, is amended to read:

Subdivision 1. **Kindergarten instruction.** The board may establish and maintain one or more kindergartens for the instruction of children and after July 1, 1974, shall provide kindergarten instruction for all eligible children, either in the district or in another district. All children to be eligible for kindergarten must be at least five years of age on September 1 of the calendar year in which the school year commences. In addition all children selected under an early admissions policy established by the school board may be admitted. If established, a board-adopted early admissions policy must describe the process and procedures for comprehensive evaluation in cognitive, social, and emotional developmental domains to help determine the child's ability to meet kindergarten grade expectations and progress to first grade in the subsequent year. The comprehensive evaluation must use valid and reliable instrumentation, be aligned with state kindergarten expectations, and include a parent report and teacher observations of the child's knowledge, skills, and abilities. The early admissions policy must be made available to parents in an accessible format and is subject to review by the commissioner of education. The evaluation is subject to section 127A.41. Nothing in this section shall prohibit a school district from establishing Head Start, prekindergarten, or nursery school classes for children below kindergarten age. Any school board with evidence that providing kindergarten will cause an extraordinary hardship on the school district may apply to the commissioner of education for an exception.

Sec. 8. Minnesota Statutes 2012, section 124D.128, subdivision 2, is amended to read:

Subd. 2. **Commissioner designation.** (a) A state-approved alternative program designated by the state must be a site. A state-approved alternative program must provide services to students who meet the criteria in section 124D.68 and who are enrolled in:

(1) a district that is served by the state-approved alternative program; or

(2) a charter school located within the geographic boundaries of a district that is served by the state-approved alternative program.

~~(b) A school district or charter school may be approved biennially by the state to provide additional instructional programming that results in grade level acceleration. The program must be designed so that students make grade progress during the school year and graduate prior to the students' peers.~~

~~(c)~~ (b) To be designated, a ~~district, charter school, or~~ state-approved alternative program must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) develop and maintain a separate record system that, for purposes of section 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total average daily membership attributable to an individual pupil as a result of a learning year program. The record system must include the date the pupil originally enrolled in a learning year program, the pupil's grade level, the date of each grade promotion, the average daily membership generated in each grade level, the number of credits or standards earned, and the number needed to graduate.

~~(d)~~ (c) A student who has not completed a school district's graduation requirements may continue to enroll in courses the student must complete in order to graduate until the student satisfies the district's graduation requirements or the student is 21 years old, whichever comes first.

Sec. 9. Minnesota Statutes 2012, section 124D.4531, subdivision 1, is amended to read:

Subdivision 1. **Career and technical levy.** (a) A district with a career and technical program approved under this section for the fiscal year in which the levy is certified may levy an amount equal to 35 percent of approved expenditures in the fiscal year in which the levy is certified for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year, including extended contracts, for services rendered in the district's approved career and technical education programs, excluding salaries reimbursed by another school district under clause (2);

(2) amounts paid to another Minnesota school district for salaries of essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

~~(2)~~ (3) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

~~(3)~~ (4) necessary travel between instructional sites by licensed career and technical education personnel;

~~(4)~~ (5) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

~~(5)~~ (6) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

~~(6)~~ (7) necessary travel by licensed career and technical education personnel for noncollegiate credit-bearing professional development; and

~~(7)~~ (8) specialized vocational instructional supplies.

(b) Up to ten percent of a district's career and technical levy may be spent on equipment purchases. Districts using the career and technical levy for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

(c) The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified.

(d) The amount of the levy certified under this subdivision may not exceed $17,850,000 for taxes payable in 2012, $15,520,000 for taxes payable in 2013, and $15,393,000 for taxes payable in 2014.

(e) If the estimated levy exceeds the amount in paragraph (d), the commissioner must reduce the percentage in paragraph (a), clause (2), until the estimated levy no longer exceeds the limit in paragraph (d).

Sec. 10. Minnesota Statutes 2012, section 126C.01, is amended by adding a subdivision to read:

Subd. 3a. **Referendum market value equalizing factor.** The referendum market value equalizing factor equals the quotient derived by dividing the total referendum market value of all school districts in the state for the year before the year the levy is certified by the total number of resident marginal cost pupil units in the state for the current school year.

EFFECTIVE DATE. This section is effective for taxes payable in 2014 and later.

Sec. 11. Minnesota Statutes 2012, section 126C.05, subdivision 1, is amended to read:

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individualized education program is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individualized education program to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.612~~ 1.0 pupil units if the pupil is enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school, or is counted as .612 pupil units, if the pupil is not enrolled in a free all-day, every day kindergarten program available to all kindergarten pupils at the pupil's school. The annual school calendar for a kindergarten program established by the school board under section 120A.02 must include at least 850 hours of instruction for a kindergarten pupil to be counted as 1.0 pupil units.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units ~~for fiscal year 2000 and thereafter~~.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units ~~for fiscal year 1995 and thereafter~~.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.3 pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 12. Minnesota Statutes 2012, section 126C.05, subdivision 15, is amended to read:

Subd. 15. **Learning year pupil units.** (a) When a pupil is enrolled in a learning year program under section 124D.128, an area learning center or an alternative learning program approved by the commissioner under sections 123A.05 and 123A.06, or a contract alternative program under section 124D.68, subdivision 3, paragraph (d), or subdivision 3a, for more than 1,020 hours in a school year for a secondary student, more than 935 hours in a school year for an elementary student, more than 850 hours in a school year for a kindergarten student without a disability in a full-day kindergarten program, or more than 425 hours in a school year for a half-day kindergarten student without a disability, that pupil may be counted as more than one pupil in average daily membership for purposes of section 126C.10, subdivision 2a. The amount in excess of one pupil must be determined by the ratio of the number of hours of instruction provided to that pupil in excess of: (i) the greater of 1,020 hours or the number of hours required for a full-time secondary pupil in the district to 1,020 for a secondary pupil; (ii) the greater of 935 hours or the number of hours required for a full-time elementary pupil in the district to 935 for an elementary pupil in grades 1 through 6; ~~and~~ (iii) the greater of 425 hours or the number of hours required for a full-time kindergarten student without a disability in the district to 425 for a kindergarten student without a disability; and (iv) the greater of 425 hours or the number of hours required for a half-time kindergarten student without a disability in the district to 425 for a half-day kindergarten student without a disability. Hours that occur after the close of the instructional year in June shall be attributable to the following fiscal year. ~~A kindergarten student must not be counted as more than 1.2 pupils in average daily membership under this subdivision.~~ A student in kindergarten or grades 1 through 12 must not be counted as more than 1.2 pupils in average daily membership under this subdivision.

(b)(i) To receive general education revenue for a pupil in an area learning center or alternative learning program that has an independent study component, a district must meet the requirements in this paragraph. The district must develop, for the pupil, a continual learning plan consistent with section 124D.128, subdivision 3. Each school district that has an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the area learning center or alternative learning program. Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(ii) General education revenue for a pupil in a state-approved alternative program without an independent study component must be prorated for a pupil participating for less than a full year, or its equivalent. The district must develop a continual learning plan for the pupil, consistent with section 124D.128, subdivision 3. Each school district that has an area learning center or alternative learning program must reserve revenue in an amount equal to at least 90 percent of the district average general education revenue per pupil unit, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills and transportation sparsity revenue, times the number of pupil units generated by students attending an area learning center or alternative learning program. The amount of reserved revenue available under this subdivision may only be spent for program costs associated with the area learning center or alternative learning program. Basic skills revenue generated according to section 126C.10, subdivision 4, by pupils attending the eligible program must be allocated to the program.

(iii) General education revenue for a pupil in a state-approved alternative program that has an independent study component must be paid for each hour of teacher contact time and each hour of independent study time completed toward a credit or graduation standards necessary for graduation. Average daily membership for a pupil shall equal the number of hours of teacher contact time and independent study time divided by 1,020.

(iv) For a state-approved alternative program having an independent study component, the commissioner shall require a description of the courses in the program, the kinds of independent study involved, the expected learning outcomes of the courses, and the means of measuring student performance against the expected outcomes.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 13. Minnesota Statutes 2012, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** The general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, small schools revenue, basic skills revenue, ~~training and experience revenue,~~ secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

Sec. 14. Minnesota Statutes 2012, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. ~~The formula allowance for fiscal year 2011 is $5,124. The formula allowance for fiscal year 2012 is $5,174.~~ The formula allowance for fiscal year 2013 ~~and subsequent years~~ is $5,224. The formula allowance for fiscal year 2014 is $5,328. The formula allowance for fiscal year 2015 and later is $5,433.

Sec. 15. Minnesota Statutes 2012, section 126C.10, subdivision 14, is amended to read:

Subd. 14. **Uses of total operating capital revenue.** Total operating capital revenue may be used only for the following purposes:

(1) to acquire land for school purposes;

(2) to acquire or construct buildings for school purposes;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by individuals with a disability;

(7) to bring school buildings into compliance with the State Fire Code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123B.51, subdivision 4;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Douglas J. Johnson Economic Protection Trust Fund Act according to sections 298.292 to 298.298;

(15) to purchase or lease interactive telecommunications equipment;

(16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;

(17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related ~~materials~~ hardware, initial purchase of related software, but not annual licensing fees, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks as defined in section 123B.41, subdivision 2;

(21) to purchase new and replacement library media resources or technology;

(22) to lease or purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individualized education programs; and

(iii) other classroom information management needs;

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software; and

(25) to pay the costs directly associated with closing a school facility, including moving and storage costs.

Sec. 16. Minnesota Statutes 2012, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) $13, plus (ii) $75, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times $13.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the difference between $300 times the district's resident marginal cost pupil units ~~times the difference between ten percent of the statewide average~~ and the district's amount of referendum revenue ~~per resident marginal cost pupil unit~~ for that year ~~and the district's referendum revenue per resident marginal cost pupil unit. A school district's revenue under this paragraph must not exceed $100,000 for that year~~.

(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) ~~For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2),~~ A school ~~district that has per pupil referendum revenue below the 95th percentile qualifies for~~ district's additional equity revenue ~~equal to~~ equals $46 times its adjusted marginal cost pupil units.

~~(g) A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to $46 times its adjusted marginal cost pupil units.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 17. Minnesota Statutes 2012, section 126C.10, subdivision 29, is amended to read:

Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year ~~2005~~ 2015 and later, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident ~~marginal cost~~ pupil unit to ~~$476,000~~ 122 percent of the referendum market value equalizing factor.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 18. Minnesota Statutes 2012, section 126C.10, subdivision 32, is amended to read:

Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year ~~2005~~ 2015 and later, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident ~~marginal cost~~ pupil unit to ~~$476,000~~ 122 percent of the referendum market value equalizing factor.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 19. Minnesota Statutes 2012, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Basic skills revenue may also be used for programs designed to prepare children and their families for entry into school whether the student first enrolls in kindergarten or first grade. Any of the following may be provided to meet these learners' needs:

(1) direct instructional services under the assurance of mastery program according to section 124D.66;

(2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials, digital learning, and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for English learners;

(9) all day kindergarten;

(10) early education programs, parent-training programs, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;

(11) extended school day and extended school year programs; and

~~(11)~~ (12) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 20. Minnesota Statutes 2012, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district or cooperative may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board, and a district or cooperative may allocate up to an additional five percent of its compensatory revenue for activities under subdivision 1, clause (10), according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 21. Minnesota Statutes 2012, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. **Referendum allowance.** ~~(a) For fiscal year 2003 and later, a district's initial referendum revenue allowance equals the sum of the allowance under section 126C.16, subdivision 2, plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 before May 1, 2001, for fiscal year 2002 and later, plus the referendum conversion allowance approved under subdivision 13, minus $415. For districts with more than one referendum authority, the reduction must be computed separately for each authority. The reduction must be applied first to the referendum conversion allowance and next to the authority with the earliest expiration date. A district's initial referendum revenue allowance may not be less than zero.~~

~~(b) For fiscal year 2003, a district's referendum revenue allowance equals the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and December 30, 2001, for fiscal year 2003 and later.~~

~~(c) For fiscal year 2004 and later, a district's referendum revenue allowance equals the sum of:~~

~~(1) the product of (i) the ratio of the resident marginal cost pupil units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002, section 126C.05, to the district's resident marginal cost pupil units for fiscal year 2004, times (ii) the initial referendum allowance plus any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 between April 30, 2001, and May 30, 2003, for fiscal year 2003 and later, plus~~

~~(2) any additional allowance per resident marginal cost pupil unit authorized under subdivision 9 after May 30, 2003, for fiscal year 2005 and later.~~

(a) A district's initial referendum allowance for fiscal year 2015 equals the result of the following calculations:

(1) multiply the referendum allowance the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections held before July 1, 2013, by the resident marginal cost pupil units the district would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;

(2) divide the result of clause (1) by the district's residential marginal cost pupil units for fiscal year 2015; and

(3) if the result of clause (2) is less than zero, set the allowance to zero.

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance for fiscal year 2015, plus any additional referendum allowance per resident marginal cost pupil unit authorized after June 30, 2013, minus any allowances expiring in fiscal year 2016 or later.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 22. Minnesota Statutes 2012, section 126C.17, subdivision 5, is amended to read:

Subd. 5. **Referendum equalization revenue.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization revenue equals the sum of the first tier referendum equalization revenue and the second tier referendum equalization revenue.

(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(c) ~~For fiscal year 2006, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or $500. For fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or $600.~~

~~For fiscal year 2008 and later,~~ A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or $700.

(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's resident marginal cost pupil units for that year.

(e) ~~For fiscal year 2006, a district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent of the formula allowance, minus the district's first tier referendum equalization allowance. For fiscal year 2007 and later,~~ A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 26 percent of the formula allowance, minus the district's first tier referendum equalization allowance.

(f) Notwithstanding paragraph (e), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.

Sec. 23. Minnesota Statutes 2012, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) ~~For fiscal year 2003 and later,~~ A district's referendum equalization levy equals the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.

(b) A district's first tier referendum equalization levy equals the district's first tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~$476,000~~ 122 percent of the referendum market value equalizing factor.

(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident marginal cost pupil unit to ~~$270,000~~ 66 percent of the referendum market value equalizing factor.

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 24. Minnesota Statutes 2012, section 126C.40, subdivision 6, is amended to read:

Subd. 6. **Lease purchase; installment buys.** (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) ~~a school district which is eligible for revenue under section 124D.86, subdivision 3, clause (1), (2), or (3), and whose~~ Special School District No. 1, Minneapolis; Independent School District No. 625, St. Paul; Independent School District No. 709, Duluth; or Independent School District No. 535, Rochester, if the district's desegregation plan has been determined by the commissioner to be in compliance with Department of Education rules relating to equality of educational opportunity and ~~school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4) or (5),~~ where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or

(2) ~~a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1)~~ other districts eligible for revenue under section 124D.862 if the facility acquired under this subdivision is to be primarily used for ~~the~~ a joint program for interdistrict desegregation and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

Sec. 25. Minnesota Statutes 2012, section 126C.44, is amended to read:

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to ~~$30~~ $35 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes:

(1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;

(2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools;

(3) to pay the costs for a gang resistance education training curriculum in the district's schools;

(4) to pay the costs for security in the district's schools and on school property;

(5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; ~~or~~

(6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems;

(7) to pay for facility security enhancements including laminated glass, public announcement systems, emergency communications devices, and equipment and facility modifications related to violence prevention and facility security;

(8) to pay for costs associated with improving the school climate; or

(9) to pay costs associated with mental health services.

(b) For expenditures under paragraph (a), clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

~~(b)~~ (c) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed $10 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 26. Minnesota Statutes 2012, section 126C.48, subdivision 8, is amended to read:

Subd. 8. **Taconite payment and other reductions.** (1) Reductions in levies pursuant to subdivision 1 must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts that have revenue pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed under sections 298.26; 298.28, subdivision 4, paragraphs (c), clause (ii), and (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values must reduce the levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A by 95 percent of the sum of the previous year's revenue specified under this clause and the amount attributable to the same production year distributed to the cities and townships within the school district under section 298.28, subdivision 2, paragraph (c).

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision. In administering this paragraph, the commissioner shall first reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

EFFECTIVE DATE. This section is effective for levies certified in 2014 and later.

Sec. 27. Minnesota Statutes 2012, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

~~(a)~~ (b) General education aid paid to a resident district must be reduced by an amount equal to the referendum equalization aid attributable to the pupil in the resident district.

~~(b)~~ (c) General education aid paid to a district serving a pupil in programs listed in this subdivision must be increased by an amount equal to the greater of (1) the referendum equalization aid attributable to the pupil in the nonresident district; or (2) the product of the district's open enrollment concentration index, the maximum amount of

referendum revenue in the first tier, and the district's net open enrollment pupil units for that year. A district's open enrollment concentration index equals the greater of: (i) zero, or (ii) the lesser of 1.0, or the difference between the district's ratio of open enrollment pupil units served to its resident pupil units for that year and 0.2. This clause does not apply to a school district where more than 50 percent of the open enrollment students are enrolled solely in online learning courses.

~~(c)~~ (d) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

~~(d) For fiscal year 2006, the district of residence must pay tuition to a district or an area learning center, operated according to paragraph (f), providing special instruction and services to a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision. The tuition must be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.~~

(e) ~~For fiscal year 2007 and later, special education aid paid to a resident district must be reduced by an amount equal to~~ For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(f) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.

(g) Notwithstanding paragraph (f), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(h) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (f) and (g). If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aids due to the district.

~~(f)~~ (i) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph ~~(d) or (e)~~ (f) or (g), the district of residence must pay tuition equal to at least 90 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without compensatory revenue and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 28. **EQUITY AID; FISCAL YEAR 2014.**

For fiscal year 2014 only, the commissioner must calculate and pay to school districts in state aid the difference between the equity revenue actually received under Minnesota Statutes, section 126C.10, and the amount the district would have received under Minnesota Statutes 2012, section 126C.10.

Sec. 29. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

$6,092,415,000	. . . . .	2014
$6,440,890,000	. . . . .	2015

The 2014 appropriation includes $781,842,000 for 2013 and $5,310,573,000 for 2014.

The 2015 appropriation includes $808,460,000 for 2014 and $5,632,430,000 for 2015.

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

$44,000	. . . . .	2014
$48,000	. . . . .	2015

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

$2,747,000	. . . . .	2014
$3,136,000	. . . . .	2015

The 2014 appropriation includes $301,000 for 2013 and $2,446,000 for 2014.

The 2015 appropriation includes $385,000 for 2014 and $2,751,000 for 2015.

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

$472,000	. . . . .	2014
$480,000	. . . . .	2015

The 2014 appropriation includes $40,000 for 2013 and $432,000 for 2014.

The 2015 appropriation includes $68,000 for 2014 and $412,000 for 2015.

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

$15,660,000	. . . . .	2014
$16,324,000	. . . . .	2015

The 2014 appropriation includes $2,099,000 for 2013 and $13,561,000 for 2014.

The 2015 appropriation includes $2,121,000 for 2014 and $14,203,000 for 2015.

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

$18,656,000	. . . . .	2014
$19,127,000	. . . . .	2015

The 2014 appropriation includes $2,668,000 for 2013 and $15,988,000 for 2014.

The 2015 appropriation includes $2,501,000 for 2014 and $16,626,000 for 2015.

Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

$65,000	. . . . .	2014
$65,000	. . . . .	2015

Subd. 9. **Compensatory revenue pilot program.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50:

$2,325,000	. . . . .	2014
$2,325,000	. . . . .	2015

Of this amount, $1,500,000 each year is for a grant to Independent School District No. 11, Anoka-Hennepin; $75,000 each year is for a grant to Independent School District No. 286, Brooklyn Center; $210,000 each year is for a grant to Independent School District No. 279, Osseo; $160,000 each year is for a grant to Independent School District No. 281, Robbinsdale; $165,000 each year is for a grant to Independent School District No. 535, Rochester; $65,000 each year is for a grant to Independent School District No. 833, South Washington County; and $150,000 each year is for a grant to Independent School District No. 241, Albert Lea.

If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

This appropriation is part of the base budget for subsequent fiscal years.

Sec. 30. **REPEALER.**

Minnesota Statutes 2012, section 126C.17, subdivision 13, is repealed July 1, 2013.

ARTICLE 2
STUDENT ACCOUNTABILITY

Section 1. **[120B.018] DEFINITIONS.**

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 2. **Academic standard.** "Academic standard" means a summary description of student learning in a required content area under section 120B.021 or elective content area under section 120B.022.

Subd. 3. **Career and college ready benchmark.** "Career and college ready benchmark" means specific knowledge or skill that a student must attain to complete part of an academic standard.

Subd. 4. **Credit.** "Credit" means the determination by the local school district that a student successfully completed an academic year of study or demonstrated attainment of applicable subject matter.

Subd. 5. **Elective standard.** "Elective standard" means a locally adopted expectation for student learning in career and technical education or world languages.

Subd. 6. **Required standard.** "Required standard" means (1) a statewide adopted expectation for student learning in the content areas of language arts, mathematics, science, social studies, physical education, and the arts or (2) a locally adopted expectation for student learning in health or the arts.

Subd. 7. **School site.** "School site" means a separate facility, or a separate program within a facility that a local school board recognizes as a school site for funding purposes.

Sec. 2. Minnesota Statutes 2012, section 120B.02, is amended to read:

120B.02 EDUCATIONAL EXPECTATIONS AND GRADUATION REQUIREMENTS FOR MINNESOTA'S STUDENTS.

Subdivision 1. **Educational expectations.** (a) The legislature is committed to establishing rigorous academic standards for Minnesota's public school students. To that end, the commissioner shall adopt in rule statewide academic standards. The commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments, or form of instruction that school sites must use. ~~For purposes of this chapter, a school site is a separate facility, or a separate program within a facility that a local school board recognizes as a school site for funding purposes.~~

(b) All commissioner actions regarding the rule must be premised on the following:

(1) the rule is intended to raise academic expectations for students, teachers, and schools;

(2) any state action regarding the rule must evidence consideration of school district autonomy; and

(3) the Department of Education, with the assistance of school districts, must make available information about all state initiatives related to the rule to students and parents, teachers, and the general public in a timely format that is appropriate, comprehensive, and readily understandable.

~~(c) When fully implemented, the requirements for high school graduation in Minnesota must require students to satisfactorily complete, as determined by the school district, the course credit requirements under section 120B.024, all state academic standards or local academic standards where state standards do not apply, and successfully pass graduation examinations as required under section 120B.30.~~

~~(d)~~ (c) The commissioner shall periodically review and report on the state's assessment process.

~~(e)~~ (d) School districts are not required to adopt specific provisions of the federal School-to-Work programs.

Subd. 2. **Graduation requirements.** To graduate from high school, students must demonstrate to their enrolling school district or school their satisfactory completion of the credit requirements under section 120B.024 and their attainment of academic standards and career and college readiness benchmarks on a nationally normed college entrance exam under section 120B.30. A school district must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule.

EFFECTIVE DATE. This section is effective August 1, 2013, and applies to students entering grade 8 in the 2013-2014 school year and later.

Sec. 3. Minnesota Statutes 2012, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

(1) language arts;

(2) mathematics;

(3) science;

(4) social studies, including history, geography, economics, and government and citizenship;

(5) physical education;

(6) health, for which locally developed academic standards apply; and

(7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

~~The commissioner must submit proposed standards in science and social studies to the legislature by February 1, 2004.~~

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

~~A school district, no later than the 2007-2008 school year, must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule. A school district that incorporates these state graduation requirements before the 2007-2008 school year must provide students who enter the 9th grade in or before the 2003-2004 school year the opportunity to earn a diploma based on existing locally established graduation requirements in effect when the students entered the 9th grade.~~ (c) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

~~The commissioner must include the contributions of Minnesota American Indian tribes and communities as they relate to the academic standards during the review and revision of the required academic standards.~~

Sec. 4. Minnesota Statutes 2012, section 120B.023, is amended to read:

120B.023 BENCHMARKS.

Subdivision 1. **Benchmarks implement, supplement statewide academic standards.** (a) The commissioner must supplement required state academic standards with grade-level benchmarks. High school career and college ready benchmarks may cover more than one grade. ~~The benchmarks must implement statewide academic standards by specifying the academic knowledge and skills that~~ Schools must offer and students must achieve all benchmarks for an academic standard to satisfactorily complete ~~a~~ that state standard. ~~The commissioner must publish benchmarks to inform and guide parents, teachers, school districts, and other interested persons and to use in developing tests consistent with the benchmarks.~~

(b) The commissioner shall publish benchmarks in the State Register and transmit the benchmarks in any other manner that informs and guides parents, teachers, school districts, and other interested persons and makes them accessible to the general public. The commissioner must use benchmarks in developing career and college readiness assessments under section 120B.30. The commissioner may charge a reasonable fee for publications.

(c) Once established, the commissioner may change the benchmarks only with specific legislative authorization and after completing a review under subdivision 2.

~~(d) The commissioner must develop and implement a system for reviewing each of the required academic standards and related benchmarks and elective standards on a periodic cycle, consistent with subdivision 2.~~

~~(e)~~ (d) The benchmarks are not subject to chapter 14 and section 14.386 does not apply.

Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ~~review~~ six-year cycle ~~for~~ to review and revise state academic standards and related benchmarks, consistent with this subdivision. During each six-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

~~(b) The commissioner in the 2006-2007 school year must revise and align the state's academic standards and high school graduation requirements in mathematics to require that students satisfactorily complete the revised mathematics standards, beginning in the 2010-2011 school year. Under the revised standards:~~

~~(1) students must satisfactorily complete an algebra I credit by the end of eighth grade; and~~

~~(2) students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete an algebra II credit or its equivalent.~~

(b) The commissioner ~~also~~ must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2015-2016 school year.

(c) ~~The commissioner in the 2007-2008 school year must revise and align the state's academic standards and high school graduation requirements in the arts to require that students satisfactorily complete the revised arts standards beginning in the 2010-2011 school year.~~ The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year.

(d) ~~The commissioner in the 2008-2009 school year must revise and align the state's academic standards and high school graduation requirements in science to require that students satisfactorily complete the revised science standards, beginning in the 2011-2012 school year. Under the revised standards, students scheduled to graduate in the 2014-2015 school year or later must satisfactorily complete a chemistry or physics credit or a career and technical education credit that meets standards underlying the chemistry, physics, or biology credit or a combination of those standards approved by the district.~~ The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year.

(e) ~~The commissioner in the 2009-2010 school year must revise and align the state's academic standards and high school graduation requirements in language arts to require that students satisfactorily complete the revised language arts standards beginning in the 2012-2013 school year.~~ The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year.

(f) The commissioner in the 2010-2011 school year must revise and align the state's academic standards and high school graduation requirements in social studies to require that students satisfactorily complete the revised social studies standards beginning in the 2013-2014 school year. The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

Sec. 5. Minnesota Statutes 2012, section 120B.024, is amended to read:

120B.024 ~~GRADUATION REQUIREMENTS; COURSE~~ CREDITS.

Subdivision 1. **Graduation requirements.** ~~(a)~~ Students beginning 9th grade in the 2011-2012 school year and later must successfully complete the following high school level ~~course~~ credits for graduation:

(1) four credits of language arts sufficient to satisfy all of the academic standards in English language arts;

(2) three credits of mathematics, ~~encompassing at least algebra, geometry, statistics, and probability~~ including an algebra II credit or its equivalent, sufficient to satisfy all of the academic ~~standard~~ standards in mathematics;

(3) an algebra I credit by the end of grade 8 sufficient to satisfy all of the grade 8 standards in mathematics;

~~(3)~~ (4) three credits of science, including at least: (i) one credit in biology; and (ii) one chemistry or physics credit or a career and technical education credit that meets standards underlying the chemistry, physics, or biology credit or a combination of those standards approved by the district, but meeting biology standards under this item does not meet the biology requirement under item (i);

~~(4)~~ (5) three and one-half credits of social studies, encompassing at least United States history, geography, government and citizenship, world history, and economics ~~or three credits of social studies encompassing at least United States history, geography, government and citizenship, and world history, and one-half credit of economics taught in a school's social studies, agriculture education, or business department~~ sufficient to satisfy all of the academic standards in social studies;

~~(5)~~ (6) one credit ~~in~~ of the arts sufficient to satisfy all of the state or local academic standards in the arts; and

~~(6)~~ (7) a minimum of seven elective ~~course~~ credits.

~~A course credit is equivalent to a student successfully completing an academic year of study or a student mastering the applicable subject matter, as determined by the local school district.~~

Subd. 2. **Credit equivalencies.** (a) A one-half credit of economics taught in a school's agriculture education or business department may fulfill a one-half credit in social studies under subdivision 1, clause (5), if the credit is sufficient to satisfy all of the academic standards in economics.

(b) An agriculture science course may fulfill a science credit requirement other than the specified science credit in biology under ~~paragraph (a)~~ subdivision 1, clause ~~(3)~~ (4), item (i).

(c) A career and technical education course may fulfill a mathematics or arts credit requirement or a science credit requirement other than the specified science credit in biology under ~~paragraph (a)~~ subdivision 1, clause (2), ~~(3), or (5)~~ (4), or (6).

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 120B.125, is amended to read:

120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION TO POSTSECONDARY EDUCATION AND EMPLOYMENT; INVOLUNTARY CAREER TRACKING PROHIBITED.

(a) Consistent with sections 120B.128, 120B.13, 120B.131, 120B.132, 120B.14, 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections, school districts ~~are strongly encouraged to~~, beginning in the 2013-2014 school year, must assist all students by no later than grade 9 to explore their college and career interests and aspirations and develop a plan for a smooth and successful transition to postsecondary education or employment. All students' plans must be designed to:

(1) provide a comprehensive academic plan for completing a college and career-ready curriculum premised on meeting state and local academic standards and developing 21st century skills such as team work, collaboration, and good work habits;

(2) emphasize academic rigor and high expectations;

(3) help students identify personal learning styles that may affect their postsecondary education and employment choices;

(4) help students ~~succeed at gaining~~ gain access to postsecondary education and career options;

(5) integrate strong academic content into career-focused courses and integrate relevant career-focused courses into strong academic content;

(6) help students and families identify and gain access to appropriate counseling and other supports and assistance that enable students to complete required coursework, prepare for postsecondary education and careers, and obtain information about postsecondary education costs and eligibility for financial aid and scholarship;

(7) help students and families identify collaborative partnerships of kindergarten through grade 12 schools, postsecondary institutions, economic development agencies, and employers that support students' transition to postsecondary education and employment and provide students with experiential learning opportunities; and

(8) be reviewed and revised at least annually by the student, the student's parent or guardian, and the school or district to ensure that the student's course-taking schedule keeps the student ~~"on track"~~ making adequate progress to meet state and local high school graduation requirements and with a reasonable chance to succeed with employment or postsecondary education without the need to first complete remedial course work.

(b) A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to involuntarily select a career, career interest, employment goals, or related job training.

~~(c) School districts are encouraged to seek and use revenue and in-kind contributions from nonstate sources and to seek administrative cost savings through innovative local funding arrangements, such as the Collaboration Among Rochester Educators (CARE) model for funding postsecondary enrollment options, among other sources, for purposes of implementing this section.~~

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

Sec. 7. Minnesota Statutes 2012, section 120B.128, is amended to read:

120B.128 EDUCATIONAL PLANNING AND ASSESSMENT SYSTEM (EPAS) PROGRAM.

(a) School districts and charter schools may elect to participate in the Educational Planning and Assessment System (EPAS) program offered by ACT, Inc. to provide a longitudinal, systematic approach to student educational and career planning, assessment, instructional support, and evaluation. The EPAS achievement tests include English, reading, mathematics, science, and components on planning for high school and postsecondary education, interest inventory, needs assessments, and student education plans. These tests are linked to the ACT assessment for college admission and allow students, parents, teachers, and schools to determine the student's college readiness before grades 11 and 12.

(b) The commissioner of education shall provide ACT Explore tests for students in grade 8 and the ACT Plan test for students in grade 10 to assess individual student academic strengths and weaknesses, academic achievement and progress, higher order thinking skills, and college readiness.

(c) Students enrolled in grade 8 through the 2012-2013 school year who have not yet demonstrated proficiency on the Minnesota comprehensive assessments, the graduation-required assessments for diploma, or the basic skills testing requirements prior to high school graduation may satisfy state high school graduation requirements for assessments in reading, mathematics, and writing by taking the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), the WorkKeys job skills assessment, the Compass computer-adaptive college placement test, or the ACT assessment for college admission.

(d) The state shall pay the test costs for ~~school districts and charter schools that choose to participate in the EPAS program~~ public school students to participate in the assessments under this section. The commissioner shall establish an application procedure and a process for state payment of costs.

EFFECTIVE DATE. This section is effective the day following final enactment and applies through the 2013-2014 school year.

Sec. 8. **[120B.21] MENTAL HEALTH EDUCATION.**

School districts and charter schools are encouraged to provide mental health instruction for students in grades 6 through 12 aligned with local health standards and integrated into existing programs, curriculum, or the general school environment of a district or charter school. The commissioner, in consultation with the commissioner of human services and mental health organizations, is encouraged to provide districts and charter schools with:

(1) age-appropriate model learning activities for grades 6 through 12 that encompass the mental health components of the National Health Education Standards and the benchmarks developed by the department's quality teaching network in health and best practices in mental health education; and

(2) a directory of resources for planning and implementing age-appropriate mental health curriculum and instruction in grades 6 through 12.

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

Sec. 9. Minnesota Statutes 2012, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed ~~from and~~ as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and ~~be~~ are administered annually to all students in grades 3 through ~~8~~ 7. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. ~~For students enrolled in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' basic skills testing requirements for a passing state notation. The passing scores of basic skills tests in reading and mathematics are the equivalent of 75 percent correct for students entering grade 9 based on the first uniform test administered in February 1998. Students who have not successfully passed a Minnesota basic skills test by the end of the 2011-2012 school year must pass the graduation required assessments for diploma under paragraph (c), except that for the 2012-2013 and 2013-2014 school years only, these students may satisfy the state's graduation test requirement for math by complying with paragraph (d), clauses (1) and (3)~~ For students enrolled in grade 8 in the 2005-2006 through 2012-2013 school years, students' state graduation requirements include the requirements under: (i) section 120B.128, paragraph (c); (ii) paragraph (c); or (iii) Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2).

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the ~~2005-2006~~ 2013-2014 school year and later, ~~only the following options shall fulfill~~ students' state graduation ~~test~~ requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

~~(1) for reading and mathematics:~~

~~(i) obtaining an achievement level equivalent to or greater than proficient as determined through a standard setting process on the Minnesota comprehensive assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing score as determined through a standard setting process on the graduation-required assessment for diploma in grade 10 for reading and grade 11 for mathematics or subsequent retests;~~

~~(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in reading and the mathematics test for English learners or the graduation-required assessment for diploma equivalent of those assessments for students designated as English learners;~~

~~(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individualized education program or 504 plan;~~

~~(iv) obtaining achievement level equivalent to or greater than proficient as determined through a standard setting process on the state-identified alternate assessment or assessments in grade 10 for reading and grade 11 for mathematics for students with an individualized education program; or~~

~~(v) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individualized education program; and~~

~~(2) for writing:~~

~~(i) achieving a passing score on the graduation-required assessment for diploma;~~

~~(ii) achieving a passing score as determined through a standard setting process on the state-identified language proficiency test in writing for students designated as English learners;~~

~~(iii) achieving an individual passing score on the graduation-required assessment for diploma as determined by appropriate state guidelines for students with an individualized education program or 504 plan; or~~

~~(iv) achieving an individual passing score on the state-identified alternate assessment or assessments as determined by appropriate state guidelines for students with an individualized education program.~~

(1) attainment of required academic standards and career and college readiness benchmarks under section 120B.023 as demonstrated on a nationally normed college entrance exam, or taking a nationally recognized armed services vocational aptitude test at the election of the student;

(2) achievement and career and college readiness tests in mathematics, reading, and writing, consistent with paragraph (e) and, to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths

and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(3) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion. A student under clause (2) must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

(d) ~~Students enrolled in grade 8 in any school year from the 2005-2006 school year to the 2009-2010 school year who do not pass the mathematics graduation-required assessment for diploma under paragraph (c) are eligible to receive a high school diploma if they:~~

~~(1) complete with a passing score or grade all state and local coursework and credits required for graduation by the school board granting the students their diploma;~~

~~(2) participate in district-prescribed academic remediation in mathematics; and~~

~~(3) fully participate in at least two retests of the mathematics GRAD test or until they pass the mathematics GRAD test, whichever comes first.~~ To improve the secondary and postsecondary outcomes of all students, the alignment between secondary and postsecondary education programs and Minnesota's workforce needs, and the efficiency and cost-effectiveness of secondary and postsecondary programs, the commissioner, after consulting with the chancellor of the Minnesota State Colleges and Universities and using a request for proposal process, shall contract for a series of assessments that are consistent with this subdivision, aligned with state academic standards, and include career and college readiness benchmarks. Mathematics, reading, and writing assessments for students in grades 8 and 10 must be predictive of and aligned with a nationally normed assessment for career and college readiness. This nationally recognized assessment must be a college entrance exam and given to students in grade 11 or 12. This series of assessments must include a college placement diagnostic exam and contain career exploration elements. Students in grade 11 or 12 may choose to take a nationally recognized armed services vocational aptitude test as an alternative to the college and career readiness entrance exam under this paragraph. The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students to provide the students with diagnostic information about any targeted interventions they need so that they may seek postsecondary education or employment without need for postsecondary remediation.

(1) Districts and schools, on an annual basis, must use the career exploration elements in these assessments to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional

labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.

(2) Students who, based on their growth in academic achievement between grades 8 and 10, show adequate progress toward meeting state career and college readiness must be given the college entrance exam part of these assessments in grade 11 or a nationally recognized armed services vocational aptitude test. A student under this clause who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on these assessments is academically ready for a career or college and is encouraged to participate in courses and programs awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(3) All students in grade 11 not subject to clause (2) must be given the college placement diagnostic exam so that the students, their families, the school, and the district can use the results to diagnose areas for targeted instruction, intervention, or remediation and improve students' knowledge and skills in core subjects sufficient for the student to graduate and have a reasonable chance to succeed in a career or college without remediation. These students must be given the college entrance exam part of these assessments in grade 12 or a nationally recognized armed services vocational aptitude test.

(4) A student in clause (3) who demonstrates: (i) attainment of required state academic standards, which include career and college readiness benchmarks, on these assessments; (ii) attainment of career and college readiness benchmarks on the college placement diagnostic part of these assessments; and, where applicable, (iii) successfully completes targeted instruction, intervention, or remediation approved by the commissioner and the chancellor of the Minnesota State Colleges and Universities after consulting with local school officials and educators, is academically ready for a career or college and is encouraged to participate in courses and programs awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(5) A study to determine the alignment between these assessments and state academic standards under this chapter must be conducted. Where alignment exists, the commissioner must seek federal approval to, and immediately upon receiving approval, replace the federally required assessments referenced under subdivision 1a and section 120B.35, subdivision 2, with assessments under this paragraph.

(e) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(f) A school, district, or charter school must ~~place~~ record on the high school transcript a student's ~~current pass status for each subject that has a required graduation assessment~~ progress toward career and college readiness.

~~In addition,~~ (g) The school board granting ~~the~~ students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

~~(e)~~ (h) The 3rd through ~~8th~~ 7th grade computer-adaptive assessment results and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must establish empirically derived benchmarks on adaptive assessments in grades 3 through 7 that reveal a trajectory toward career and college readiness. The commissioner must disseminate to the public the computer-adaptive assessments and high school test results upon receiving those results.

~~(f)~~ (i) The ~~3rd through 8th grade~~ grades 3 through 7 computer-adaptive assessments and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

~~(g) In addition to the testing and reporting requirements under this section,~~ (j) The commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide ~~testing~~ computer-adaptive assessments of all students in grades 3 through ~~8~~ 7 and testing at the high school level that provides appropriate, technically sound accommodations ~~or alternate assessments~~;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2013-2014 school year and later, except that paragraph (a) applies the day following final enactment and the requirements for using computer-adaptive mathematics and reading assessments for grades 3 through 7 apply in the 2015-2016 school year and later.

Sec. 10. Minnesota Statutes 2012, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** (a) For purposes of this section, the following definitions have the meanings given them.

(1) "Computer-adaptive assessments" means fully adaptive assessments.

(2) "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.

(3) "On-grade level" test items contain subject area content that is aligned to state academic standards for the grade level of the student taking the assessment.

(4) "Above-grade level" test items contain subject area content that is above the grade level of the student taking the assessment and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(5) "Below-grade level" test items contain subject area content that is below the grade level of the student taking the test and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(b) The commissioner must use fully adaptive mathematics and reading assessments for grades 3 through 7 beginning in the 2015-2016 school year and later.

(c) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading and mathematics assessments for grades 3 through ~~8~~ 7, state-developed high school reading and mathematics tests aligned with state academic standards, and science assessments under clause (2) that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual computer-adaptive reading and mathematics assessments in grades 3 through ~~8~~ 7, and high school reading and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

(d) The commissioner must ensure that for annual computer-adaptive assessments:

(1) individual student performance data and achievement reports are available within three school days of when students take an assessment;

(2) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(3) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project students' secondary and postsecondary achievement; and

(4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given performance levels, organized by strands within subject areas, and aligned to state academic standards.

~~(b)~~ (e) The commissioner must ensure that all statewide tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

~~(c)~~ (f) Reporting of assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include a value-added growth indicator of student achievement under section 120B.35, subdivision 3, paragraph (b); and

(3) ~~(i) for students enrolled in grade 8 before the 2005-2006 school year, determine whether students have met the state's basic skills requirements; and~~

~~(ii) for students enrolled in grade 8 in the 2005-2006 school year and later,~~ determine whether students have met the state's academic standards.

~~(d)~~ (g) Consistent with applicable federal law ~~and subdivision 1, paragraph (d), clause (1)~~, the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for English learners.

~~(e)~~ (h) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student ~~proficiency~~ progress toward career and college readiness in the context of the state's ~~grade-level~~ academic standards. ~~If a state assessment is not available, a school, school district, and charter school must determine locally if a student has met the required academic standards.~~ A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later except the requirements for using computer-adaptive mathematics and reading assessments for grades 3 through 7 apply in the 2015-2016 school year and later.

Sec. 11. Minnesota Statutes 2012, section 120B.31, subdivision 1, is amended to read:

Subdivision 1. **Educational accountability and public reporting.** Consistent with the direction to adopt statewide academic standards under section 120B.02, the department, in consultation with education and other system stakeholders, must establish a coordinated and comprehensive system of educational accountability and public reporting that promotes greater academic achievement, preparation for higher academic education, preparation for the world of work, citizenship ~~under sections 120B.021, subdivision 1, clause (4), and 120B.024, paragraph (a), clause (4)~~, and the arts.

Sec. 12. Minnesota Statutes 2012, section 120B.35, subdivision 3, is amended to read:

Subd. 3. **State growth target; other state measures.** (a) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors and staff and researchers must implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state growth data using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data.

The commissioner must report ~~separate~~ measures of student growth ~~and proficiency~~, consistent with this paragraph.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the nine student categories identified under the federal 2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data.

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school. The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of school districts, school sites, charter schools, and alternative program providers in improving the graduation outcomes of students under this paragraph. When reporting student performance under section 120B.36, subdivision 1, the commissioner, beginning July 1, 2015, must annually report summary data on:

(1) the four- and six-year graduation rates of students throughout the state who are identified as at risk of not graduating or off track to graduate, including students who are eligible to participate in a program under section 123A.05 or 124D.68, among other students; and

(2) the success that school districts, school sites, charter schools, and alternative program providers experience in:

(i) identifying at-risk and off-track student populations by grade;

(ii) providing successful prevention and intervention strategies for at-risk students;

(iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and

(iv) improving the graduation outcomes of at-risk and off-track students.

For purposes of this paragraph, a student who is at risk of not graduating is a student in eighth or ninth grade who meets one or more of the following criteria: first enrolled in an English language learners program in eighth or ninth grade and may be older than other students enrolled in the same grade; as an eighth grader, is absent from school for at least 20 percent of the days of instruction during the school year, is two or more years older than other students enrolled in the same grade, or fails multiple core academic courses; or as a ninth grader, fails multiple ninth grade core academic courses in English language arts, mathematics, science, or social studies.

For purposes of this paragraph, a student who is off track to graduate is a student who meets one or more of the following criteria: first enrolled in an English language learners program in high school and is older than other students enrolled in the same grade; is a returning dropout; is 16 or 17 years old and two or more academic years off track to graduate; is 18 years or older and two or more academic years off track to graduate; or is 18 years or older and may graduate within one school year.

EFFECTIVE DATE. Paragraph (e) applies to data that are collected in the 2014-2015 school year and later and reported annually beginning July 1, 2015, consistent with the recommendations the commissioner receives from recognized and qualified experts on improving differentiated graduation rates and establishing alternative routes to a standard high school diploma for at-risk and off-track students.

Sec. 13. Minnesota Statutes 2012, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance ~~report cards~~ reports.** (a) The commissioner shall report student academic performance under section 120B.35, subdivision 2; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of students whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; longitudinal data on district and school progress in reducing disparities in students' academic achievement under section 124D.861, subdivision 3; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance ~~report cards~~ reports.

(c) The commissioner must make available performance ~~report cards~~ reports by the beginning of each school year.

(d) A school or district may appeal its adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance ~~report card~~ data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance ~~report cards~~ reports to the department's public Web site no later than September 1, except that in years when the ~~report card reflects~~ reports reflect new performance standards, the commissioner shall post the school performance ~~report cards~~ reports no later than October 1.

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later.

Sec. 14. Minnesota Statutes 2012, section 124D.52, is amended by adding a subdivision to read:

Subd. 8. **Standard high school diploma for adults.** (a) The commissioner shall adopt rules for providing a standard high school diploma to adults who:

(1) are not eligible for kindergarten through grade 12 services;

(2) do not have a high school diploma; and

(3) successfully complete an adult basic education program of instruction approved by the commissioner necessary to earn an adult high school diploma.

(b) Persons participating in an approved adult basic education program of instruction must demonstrate proficiency in a standard set of competencies that reflect the knowledge and skills sufficient to ensure that postsecondary programs and institutions and potential employers regard persons with a standard high school diploma and persons with a standard high school diploma for adults as equally well prepared and qualified graduates. Approved adult basic education programs of instruction under this subdivision must issue a standard high school diploma for adults who successfully demonstrate the competencies, knowledge, and skills required by the program.

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

Sec. 15. **[126C.101] MINNESOTA'S WORLD'S BEST WORKFORCE.**

Subdivision 1. **Goals for the world's best workforce.** To create the world's best workforce by 2027, Minnesota must strive to: close entirely the academic achievement gap among all racial and ethnic groups of students and between students living in poverty and students not living in poverty; achieve a 100 percent high school graduation rate; achieve 100 percent grade-level literacy for students in third grade; and have 100 percent of students attain career and college readiness before graduating from high school.

Subd. 2. **Strategic plans for attaining the world's best workforce.** (a) A school board must formally develop, implement, and periodically review and, where appropriate, revise a comprehensive, long-term strategic education and budget plan for student achievement premised on research-based strategies and efforts required for a district and school to make progress toward realizing the goals in subdivision 1. The strategic plan for student achievement must identify the state, regional, and local structures and systems, interdistrict, intradistrict, and in-school strategies, inclusive best education practices, and collaborative partnerships with regional centers under subdivision 4, postsecondary institutions, and local and regional business and industry to work effectively and efficiently toward making all students part of the world's best workforce by 2027.

(b) The components of a board's plan may include: innovative and integrated prekindergarten through grade 12 learning environments that include school enrollment options; family engagement initiatives that involve families in their students' academic life and career success; professional development opportunities for teachers, school administrators, and other licensed school professionals focused on improving all students' academic achievement and career and college readiness; increased programmatic opportunities for all students, including historically underserved students, focused on rigor in learning and career and college readiness, and recruitment and retention of teachers and school administrators of diverse backgrounds. Plans must include at least formative assessment practices, consistent with chapter 120B, and other instructional best practices that inform cost-effective, research-based interventions, improve student achievement, reduce disparities in students' academic performance, and foster students' career and college readiness without need for postsecondary remediation.

(c) A regional center of excellence, upon request, must assist a school board with developing, implementing, reviewing, or revising its education and budget plan.

Subd. 3. **Budgeting process.** (a) Beginning in the 2014-2015 school year, a school board must hold at least one formal hearing by March 1 each year to report to the public its progress in realizing the goals contained in its strategic plan for student achievement, to review the plan components, and to revise the plan where appropriate. At the hearing, the board must provide the public with longitudinal data from at least the three immediately preceding school years demonstrating district and school progress in realizing its student achievement goals, consistent with the measures for demonstrating progress in paragraph (b). At least 30 days before the hearing, the board must post on the district Web site, in an understandable, readily accessible format, up-to-date longitudinal data on district and school progress. The district, by March 1, must submit to the commissioner and its regional center of excellence in an electronic format the district's annual budget for continuing to implement its strategic plan for student achievement.

(b) The longitudinal data required under paragraph (a) at least must be based on one or more of the following measures and must report outcomes for all students and specific groups of students identified under section 120B.35, subdivision 3: third grade at-grade-level literacy rates; reductions in the disparity in academic achievement among all racial and ethnic student groups and between students living in poverty and students not living in poverty; high school graduation rates; rates for completing rigorous coursework; rates for attaining career and college readiness; rates for receiving postsecondary credit while enrolled in high school; students' engagement and connection in school; and rates for awarding world language proficiency or high achievement certificates under section 120B.022, subdivision 1, paragraphs (b) and (c).

(c) For the 2013-2014 school year only, a board, after providing a 30-day notice on the district Web site, must hold a formal hearing before March 1, 2014, to inform the public about the content of its proposed strategic plan for student achievement under this section. The board also must submit its proposed plan by March 1, 2014, to the commissioner and its regional center of excellence in an electronic format.

Subd. 4. **Regional support.** (a) Regional centers of excellence are established to assist and support school boards, districts, and schools in implementing this section. The centers must collaborate with local and regional service cooperatives, postsecondary institutions, integrated school districts, the department, children's mental health providers, and other interested entities to equitably support school boards, districts, and schools throughout the region. Center support may include assisting districts and schools with common principles of effective practice, defining measurable education goals, implementing evidence-based practices, engaging in data-driven decision making, reducing the use of seclusion and restraints, providing multilayered levels of support, supporting culturally responsive teaching and learning, aligning state and local academic standards and career and college readiness benchmarks, and engaging parents, families, youth, and the local community in district and school programs and activities.

(b) The department must help the regional centers of excellence meet staff, facilities, and technical needs, provide the centers with programmatic support, and work with the centers to establish a coherent statewide system of regional support, including consulting, training, and technical support, to help school boards, districts, and schools effectively and efficiently implement state and federal initiatives.

Subd. 5. **Evaluation.** (a) The commissioner and each regional center of excellence must collaborate in evaluating the success of districts and schools in working effectively and efficiently toward creating the world's best workforce by 2027. Where districts and schools demonstrate effective use of resources and adequate progress toward realizing plan goals, the commissioner and the regional centers of excellence must promote and disseminate successful strategies to other districts and schools throughout the state.

(b) If the commissioner, in consultation with the affected regional center of excellence, determines a district or charter school is not making adequate progress in realizing its student achievement goals under this section, the department may reduce the district's basic general education revenue by up to four percent per fiscal year, and transfer that amount to the affected regional center of excellence for the center to use to assist the district to effectively and efficiently realize its student achievement goals.

(c) If, after a district receives assistance under paragraph (b) for at least three consecutive school years, the commissioner, in consultation with the affected regional center of excellence and the affected district, identifies a school as persistently failing to make adequate progress toward realizing the student achievement goals contained in the strategic plan, the commissioner may require the school to implement a turnaround strategy to improve the school's ability to effectively and efficiently realize those goals.

EFFECTIVE DATE. This section is effective for fiscal year 2014 and later.

Sec. 16. **STATEWIDE ASSESSMENT AND ACCOUNTABILITY; TRANSITION.**

Notwithstanding other law to the contrary, students enrolled in grade 8 in the 2005-2006 through 2012-2013 school years are eligible to be assessed under the amended provisions of Minnesota Statutes, section 120B.30, subdivision 1, to the extent such assessments are available, under Minnesota Statutes, section 120B.128, paragraph (c), or under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2). Other measures of statewide accountability, including student performance, preparation, rigorous course taking, engagement and connection, and transition into postsecondary education or the workforce remain in effect.

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

Sec. 17. **CAREER PATHWAYS AND TECHNICAL EDUCATION ADVISORY TASK FORCE.**

Subdivision 1. **Recommendations.** (a) A career pathways and technical education advisory task force is established to recommend to the Minnesota legislature, consistent with Minnesota Statutes, sections 120B.30, subdivision 1, and 120B.35, subdivision 3, how to structurally redesign secondary and postsecondary education to:

(1) improve secondary and postsecondary outcomes for students and adult learners;

(2) align secondary and postsecondary education programs serving students and adult learners;

(3) align secondary and postsecondary education programs and Minnesota's workforce needs; and

(4) measure and evaluate the combined efficacy of Minnesota's public kindergarten through grade 12 and postsecondary education programs.

(b) Advisory task force members, in preparing these recommendations, must seek the advice of education providers, employers, policy makers, and other interested stakeholders and must at least consider how to:

(1) better inform students about career options, occupational trends, and educational paths leading to viable and rewarding careers and reduce the gap between the demand for and preparation of a skilled Minnesota workforce;

(2) in consultation with a student's family, develop and periodically adapt, as needed, an education and work plan for each student aligned with the student's personal and professional interests, abilities, skills, and aspirations;

(3) improve monitoring of high school students' progress with targeted interventions and support and remove the need for remedial instruction;

(4) increase and accelerate opportunities for secondary school students to earn postsecondary credits leading to a certificate, industry license, or degree;

(5) better align high school courses and expectations and postsecondary credit-bearing courses;

(6) better align high school standards and assessments, postsecondary readiness measures and entrance requirements, and the expectations of Minnesota employers;

(7) increase the rates at which students complete a postsecondary certificate, industry license, or degree; and

(8) provide graduates of two-year and four-year postsecondary institutions with the foundational skills needed for civic engagement, ongoing employment, and continuous learning.

Subd. 2. **Task force membership and operation.** (a) Advisory task force members must include representatives of the following organizations from throughout the state: the Minnesota Association of Career and Technical Administrators; the Minnesota Association for Career and Technical Education; University of Minnesota, Minnesota State Colleges and Universities, and secondary and other postsecondary faculty working to develop career and technical educators in Minnesota; the National Research Center for Career and Technical Education; the Department of Education; the Department of Employment and Economic Development; the Minnesota Chamber of Commerce; the Minnesota Business Partnership; the Minnesota Board of Teaching; the Minnesota Association of Colleges for Teacher Education; Minnesota State Colleges and Universities foundational skills and general education faculty; Minnesota Secondary School Principals Association; Minnesota Association of School Administrators; Minnesota School Counselors Association; Minnesota Association of Charter Schools; and any other representatives selected by the task force members. The education commissioner or the commissioner's designee must convene the task force.

(b) The commissioner, upon request, must provide technical assistance to the task force.

(c) The task force must submit its written recommendations under this section to the legislative committees with jurisdiction over kindergarten through grade 12 education by February 15, 2014.

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

Sec. 18. **STANDARD ADULT HIGH SCHOOL DIPLOMA ADVISORY TASK FORCE.**

(a) The commissioner of education shall appoint a nine-member advisory task force to recommend programmatic requirements for adult basic education programs of instruction leading to a standard adult high school diploma under Minnesota Statutes, section 124D.52, subdivision 8.

(b) The commissioner of education must appoint representatives from the following organizations to the task force by July 1, 2013:

(1) one employee of the Department of Education with expertise in adult basic education;

(2) five adult basic education administrators and teachers from local adult basic education programs located in rural, suburban, and urban areas of the state, at least one of whom represents the Literacy Action network;

(3) one employee of the Minnesota State Colleges and Universities with expertise in adult basic education;

(4) one employee of the Department of Employment and Economic Development with expertise in adult basic education and employment; and

(5) one member of the Minnesota Chamber of Commerce familiar with adult basic education programs under Minnesota Statutes, section 124D.52.

(c) The commissioner of education must convene the task force. Task force members are not eligible for compensation or reimbursement for expenses related to task force activities. The commissioner, upon request, must provide technical assistance to task force members.

(d) By February 1, 2014, the task force must submit its recommendations to the commissioner of education for providing a standard adult high school diploma to persons who are not eligible for kindergarten through grade 12 services, who do not have a high school diploma, and who successfully complete an approved adult basic education program of instruction necessary to earn an adult high school diploma. The commissioner must consider these recommendations when adopting rules under Minnesota Statutes, section 124D.52, subdivision 8.

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

Sec. 19. **IMPLEMENTING DIFFERENTIATED GRADUATION RATE MEASURES AND EXPLORING ALTERNATIVE ROUTES TO A STANDARD DIPLOMA FOR AT-RISK AND OFF-TRACK STUDENTS.**

(a) To implement the requirements of Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), the commissioner of education must consult with recognized and qualified experts and the stakeholders listed in paragraph (b) on improving differentiated graduation rates and establishing alternative routes to a standard high school diploma for at-risk and off-track students throughout the state. The commissioner must consider and recommend to the legislature:

(1) research-based measures that demonstrate the relative success of school districts, school sites, charter schools, and alternative program providers in improving the graduation outcomes of at-risk and off-track students; and

(2) state options for establishing alternative routes to a standard diploma consistent with the educational accountability system under Minnesota Statutes, chapter 120B.

When proposing alternative routes to a standard diploma, the commissioner also must identify highly reliable variables that generate summary data to comply with Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), including: who initiates the request for an alternative route; who approves the request for an alternative route; the parameters of the alternative route process, including whether a student first must fail a regular, state-mandated exam; and the comparability of the academic and achievement criteria reflected in the alternative route and the standard route for a standard diploma. The commissioner is also encouraged to identify the data, timelines, and methods needed to evaluate and report on the alternative routes to a standard diploma once they are implemented and the student outcomes that result from those routes.

(b) Stakeholders to be consulted include persons from: state-approved alternative programs; online programs; charter schools; school boards; teachers; metropolitan school districts; rural educators; university and college faculty with expertise in serving and assessing at-risk and off-track students; superintendents; high school principals; and the public. The commissioner may seek input from other interested stakeholders and organizations with expertise to help inform the commissioner.

(c) The commissioner, by February 15, 2014, must develop and submit to the education policy and finance committees of the legislature recommendations and legislation, consistent with this section and Minnesota Statutes, section 120B.35, subdivision 3, paragraph (e), for:

(1) measuring and reporting differentiated graduation rates for at-risk and off-track students throughout the state and the success and costs that school districts, school sites, charter schools, and alternative program providers experience in identifying and serving at-risk or off-track student populations; and

(2) establishing alternative routes to a standard diploma.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to school reports beginning July 1, 2015.

Sec. 20. **APPROPRIATIONS.**

Subdivision 1. **Minnesota Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

$17,550,000	. . . . .	2014
$20,079,000	. . . . .	2015

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. **Educational planning and assessment system (EPAS) program.** For the educational planning and assessment system program under Minnesota Statutes, section 120B.128:

$829,000	. . . . .	2014
$0	. . . . .	2015

Any balance in the first year does not cancel but is available in the second year.

Sec. 21. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 120B.023, subdivision 2, as Minnesota Statutes, section 120B.021, subdivision 4. The revisor shall make necessary cross-reference changes consistent with the renumbering.

Sec. 22. **REPEALER.**

(a) Minnesota Rules, parts 3501.0505; 3501.0510; 3501.0515; 3501.0520; 3501.0525; 3501.0530; 3501.0535; 3501.0540; 3501.0545; and 3501.0550, are repealed.

(b) Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, and 16; 3501.0040; 3501.0050; 3501.0060; 3501.0090; 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140; 3501.0150; 3501.0160; 3501.0170; 3501.0180; 3501.0200; 3501.0210; 3501.0220; 3501.0230; 3501.0240; 3501.0250; 3501.0270; 3501.0280, subparts 1 and 2; 3501.0290; 3501.1000; 3501.1020; 3501.1030; 3501.1040; 3501.1050; 3501.1110; 3501.1120; 3501.1130; 3501.1140; 3501.1150; 3501.1160; 3501.1170; 3501.1180; and 3501.1190, are repealed.

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

ARTICLE 3
EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2012, section 120A.40, is amended to read:

120A.40 SCHOOL CALENDAR.

~~(a) Except for learning programs during summer, flexible learning year programs authorized under sections 124D.12 to 124D.127, and learning year programs under section 124D.128,~~ A district ~~must not~~ may commence an elementary or secondary school year before Labor Day, except ~~as provided under paragraph (b)~~ it shall not hold a

school day on the Thursday and Friday immediately preceding Labor Day. Days devoted to teachers' workshops may be held before Labor Day. Districts that enter into cooperative agreements are encouraged to adopt similar school calendars.

~~(b) A district may begin the school year on any day before Labor Day:~~

~~(1) to accommodate a construction or remodeling project of $400,000 or more affecting a district school facility;~~

~~(2) if the district has an agreement under section 123A.30, 123A.32, or 123A.35 with a district that qualifies under clause (1); or~~

~~(3) if the district agrees to the same schedule with a school district in an adjoining state.~~

EFFECTIVE DATE. This section is effective for the 2013-2014 school year and later.

Sec. 2. **[121A.07] SCHOOL CLIMATE COUNCIL.**

Subdivision 1. **Establishment and membership.** (a) A multiagency leadership council is established to improve school climate and school safety so that all prekindergarten through grade 12 schools and higher education institutions have safe and welcoming learning environments in which to maximize their students' learning potential.

(b) The council shall consist of:

(1) the commissioners or their designees from the Departments of Education, Health, Human Rights, Human Services, Public Safety, and Corrections and the Minnesota Office of Higher Education;

(2) one representative each from the Board of Teaching, Board of School Administrators, Minnesota School Boards Association, Elementary School Principals Association, Association of Secondary School Principals, and Education Minnesota as selected by each organization;

(3) two representatives each for student support personnel, parents, and students as selected by the commissioner of education;

(4) two representatives of local law enforcement as selected by the commissioner of public safety; and

(5) two representatives of the judicial branch as selected by the chief justice of the Minnesota Supreme Court.

Subd. 2. **Duties.** The council must:

(1) establish norms and standards to prevent, intervene, and provide support to help schools address bullying, harassment, and intimidation;

(2) advance evidence-based policy and best practices to improve the school climate and promote school safety; and

(3) develop and provide resources and training for schools and communities to address bullying, harassment, intimidation, and other school safety issues.

Sec. 3. **[121A.08] SCHOOL CLIMATE CENTER.**

A school climate center within the department is established to help schools, parents, students, and communities create and sustain safe learning environments for students. The center shall:

(1) provide policy guidance to schools on improving learning environments to ensure students' safety and support;

(2) disseminate information and provide technical assistance to schools on restorative practices and teaching strategies that decrease social-emotional impediments to learning and support student success, including information on exemplary Minnesota school models;

(3) provide site-specific, culturally appropriate technical assistance and coaching to schools and school districts to assist in improving school climate;

(4) serve as a contact point for schools, parents, and students seeking assistance and guidance on information, research, laws, regulations, and state and local resources regarding bullying, harassment, and intimidation;

(5) develop and disseminate Web-based training for staff development in schools;

(6) collect, interpret, and disseminate quantitative and qualitative data on school climate and student engagement; and

(7) sponsor a biennial statewide conference on school climate and safety issues.

Sec. 4. Minnesota Statutes 2012, section 121A.22, subdivision 2, is amended to read:

Subd. 2. **Exclusions.** In addition, this section does not apply to drugs or medicine that are:

(1) purchased without a prescription;

(2) used by a pupil who is 18 years old or older;

(3) used in connection with services for which a minor may give effective consent, including section 144.343, subdivision 1, and any other law;

(4) used in situations in which, in the judgment of the school personnel who are present or available, the risk to the pupil's life or health is of such a nature that drugs or medicine should be given without delay;

(5) used off the school grounds;

(6) used in connection with athletics or extra curricular activities;

(7) used in connection with activities that occur before or after the regular school day;

(8) provided or administered by a public health agency to prevent or control an illness or a disease outbreak as provided for in sections 144.05 and 144.12;

(9) prescription asthma or reactive airway disease medications self-administered by a pupil with an asthma inhaler if the district has received a written authorization from the pupil's parent permitting the pupil to self-administer the medication, the inhaler is properly labeled for that student, and the parent has not requested school personnel to administer the medication to the pupil. The parent must submit written authorization for the pupil to self-administer the medication each school year; or

(10) ~~prescription nonsyringe injectors of~~ epinephrine auto-injectors, consistent with section 121A.2205, if the parent and prescribing medical professional annually inform the pupil's school in writing that (i) the pupil may possess the epinephrine or (ii) the pupil is unable to possess the epinephrine and requires immediate access to ~~nonsyringe injectors of~~ epinephrine auto-injectors that the parent provides properly labeled to the school for the pupil as needed.

Sec. 5. Minnesota Statutes 2012, section 121A.2205, is amended to read:

121A.2205 POSSESSION AND USE OF ~~NONSYRINGE INJECTORS OF~~ EPINEPHRINE AUTO-INJECTORS; MODEL POLICY.

Subdivision 1. **Definitions.** As used in this section:

(1) "administer" means the direct application of an epinephrine auto-injector to the body of an individual;

(2) "epinephrine auto-injector" means a device that automatically injects a premeasured dose of epinephrine; and

(3) "school" means a public school under section 120A.22, subdivision 4, or a nonpublic school, excluding a home school, under section 120A.22, subdivision 4, that is subject to the federal Americans with Disabilities Act.

Subd. 2. **Plan for use of epinephrine auto-injectors.** (a) At the start of each school year or at the time a student enrolls in school, whichever is first, a student's parent, school staff, including those responsible for student health care, and the prescribing medical professional must develop and implement an individualized written health plan for a student who is prescribed ~~nonsyringe injectors of~~ epinephrine auto-injectors that enables the student to:

(1) possess ~~nonsyringe injectors of~~ epinephrine auto-injectors; or

(2) if the parent and prescribing medical professional determine the student is unable to possess the epinephrine, have immediate access to ~~nonsyringe injectors of~~ epinephrine auto-injectors in close proximity to the student at all times during the instructional day.

The plan must designate the school staff responsible for implementing the student's health plan, including recognizing anaphylaxis and administering ~~nonsyringe injectors of~~ epinephrine auto-injectors when required, consistent with section 121A.22, subdivision 2, clause (10). This health plan may be included in a student's 504 plan.

(b) ~~A school under this section is a public school under section 120A.22, subdivision 4, or a nonpublic school, excluding a home school, under section 120A.22, subdivision 4, that is subject to the federal Americans with Disabilities Act.~~ Other nonpublic schools are encouraged to develop and implement an individualized written health plan for students requiring ~~nonsyringe injectors of~~ epinephrine auto-injectors, consistent with this section and section 121A.22, subdivision 2, clause (10).

(c) A school district and its agents and employees are immune from liability for any act or failure to act, made in good faith, in implementing this section and section 121A.2207.

(d) The education commissioner may develop and transmit to interested schools a model policy and individualized health plan form consistent with this section and federal 504 plan requirements. The policy and form may:

(1) assess a student's ability to safely possess ~~nonsyringe injectors of~~ epinephrine auto-injectors;

(2) identify staff training needs related to recognizing anaphylaxis and administering epinephrine when needed;

(3) accommodate a student's need to possess or have immediate access to ~~nonsyringe injectors of~~ epinephrine auto-injectors in close proximity to the student at all times during the instructional day; and

(4) ensure that the student's parent provides properly labeled ~~nonsyringe injectors of~~ epinephrine auto-injectors to the school for the student as needed.

(e) Additional ~~nonsyringe injectors of~~ epinephrine auto-injectors may be available in school first aid kits.

(f) The school board of the school district must define instructional day for the purposes of this section.

Sec. 6. **[121A.2207] LIFE-THREATENING ALLERGIES IN SCHOOLS; STOCK SUPPLY OF EPINEPHRINE AUTO-INJECTORS.**

Subdivision 1. **Districts and schools permitted to maintain supply.** Notwithstanding section 151.37, districts and schools may obtain and possess epinephrine auto-injectors to be maintained and administered by school personnel to a student or other individual if, in good faith, it is determined that person is experiencing anaphylaxis regardless of whether the student or other individual has a prescription for an epinephrine auto-injector. The administration of an epinephrine auto-injector in accordance with this section is not the practice of medicine.

Subd. 2. **Arrangements with manufacturers.** A district or school may enter into arrangements with manufacturers of epinephrine auto-injectors to obtain epinephrine auto-injectors at fair-market, free, or reduced prices. A third party, other than a manufacturer or supplier, may pay for a school's supply of epinephrine auto-injectors.

Sec. 7. Minnesota Statutes 2012, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **License and rules.** (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to pass a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure, except that the board may issue up to three additional temporary, one-year teaching licenses to an otherwise qualified candidate who has not passed the skills exam at the time the candidate successfully completes an approved teacher preparation program. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes. Teacher preparation programs including alternative teacher preparation programs under section 122A.245, among other programs, must include a content-specific, board-approved, performance-based assessment that measures teacher candidates in three areas: planning for instruction and assessment; engaging students and supporting learning; and assessing student learning.

(e) The board must adopt rules requiring candidates for initial licenses to pass an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to pass, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses based on appropriate professional competencies that are aligned with the board's licensing system and students' diverse learning needs. The board must include these licenses in a statewide differentiated licensing system that creates new leadership roles for successful experienced teachers premised on a collaborative professional culture dedicated to meeting students' diverse learning needs in the 21st century and formalizes mentoring and induction for newly licensed teachers that is provided through a teacher support framework.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation, first, in understanding the key warning signs of early-onset mental illness in children and adolescents and then, during subsequent licensure renewal periods, preparation may include providing a more in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

EFFECTIVE DATE. Paragraph (b) is effective the day following final enactment. Paragraph (n) is effective August 1, 2014.

Sec. 8. Minnesota Statutes 2012, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to pass an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs, except that the board may issue up to three additional temporary, one-year teaching licenses to an otherwise qualified candidate who has not passed the skills exam at the time the candidate successfully completes an approved teacher preparation program. The board must require colleges and universities offering a board approved teacher preparation program to ~~provide~~ make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must ~~provide~~ make available assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language and persons under section 122A.23, subdivision 2, paragraph (h), who completed their teacher's education program outside the state of Minnesota, and who received a temporary license to teach in Minnesota. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score.

(c) A person who has completed an approved teacher preparation program and has been issued three temporary, one-year teaching licenses, but has not passed the skills exam, may have the board renew the temporary license if the school district employing the licensee requests that the licensee continue to teach for that district under a temporary license.

(d) The Board of Teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes passing the skills examination in reading, writing, and mathematics.

~~(d)~~ (e) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

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

Sec. 9. Minnesota Statutes 2012, section 122A.23, subdivision 2, is amended to read:

Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue a teaching license or a temporary teaching license under paragraphs (b) to (e) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held a similar out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes field-specific teaching methods and student teaching or essentially equivalent experience.

(b) The Board of Teaching must issue a teaching license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels if the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license.

(c) The Board of Teaching, consistent with board rules and paragraph (h), must issue up to three one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not successfully completed all exams and human relations preparation components required by the Board of Teaching.

(d) The Board of Teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not completed field-specific teaching methods or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(e) The Board of Teaching must issue a temporary teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) The Board of Teaching must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision.

(g) The Board of Teaching must not issue a license under this subdivision if the applicant has not attained the additional degrees, credentials, or licenses required in a particular licensure field.

(h) The Board of Teaching must require an applicant for a teaching license or a temporary teaching license under this subdivision to pass a skills examination in reading, writing, and mathematics before the board issues the license. Consistent with section 122A.18, subdivision 2, paragraph (c), and notwithstanding other provisions of this subdivision, the board may issue up to three additional temporary, one-year teaching licenses to an otherwise qualified applicant who has not passed the skills exam and the board may renew this temporary license if the school district employing the applicant requests that the applicant continue to teach for that district under a temporary license.

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

Sec. 10. Minnesota Statutes 2012, section 122A.28, subdivision 1, is amended to read:

Subdivision 1. **K-12 license to teach deaf and hard-of-hearing students; relicensure.** (a) The Board of Teaching must review and determine appropriate licensure requirements for a candidate for a license or an applicant for a continuing license to teach deaf and hard-of-hearing students in prekindergarten through grade 12. In addition to other requirements, a candidate must demonstrate the minimum level of proficiency in American sign language as determined by the board.

(b) Among other relicensure requirements, each teacher under this section must complete 30 continuing education clock hours on hearing loss topics, including American Sign Language, American Sign Language linguistics, or deaf culture, in each licensure renewal period.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 11. Minnesota Statutes 2012, section 122A.33, subdivision 3, is amended to read:

Subd. 3. **Notice of nonrenewal; opportunity to respond.** A school board that declines to renew the coaching contract of a licensed or nonlicensed head varsity coach must notify the coach within 14 days of that decision. If the coach requests reasons for not renewing the coaching contract, the board must give the coach its reasons in writing within ten days of receiving the request. The existence of parent complaints must not be the sole reason for a board not to renew a coaching contract. Upon request, the board must provide the coach with a reasonable opportunity to respond to the reasons at a board meeting. The hearing may be opened or closed at the election of the coach unless the board closes the meeting under section 13D.05, subdivision 2, to discuss private data.

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

Sec. 12. Minnesota Statutes 2012, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' evaluation, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 13. Minnesota Statutes 2012, section 124D.095, subdivision 10, is amended to read:

Subd. 10. **Online and Digital Learning Advisory Council.** (a) An Online and Digital Learning Advisory Council is established. The term for each council member shall be three years. The advisory council is composed of ~~12~~ 15 members from throughout the state who have demonstrated experience with or interest in online learning. Two members of the council must represent technology business. The remaining membership must represent the following interests:

(1) superintendents;

(2) special education specialists;

(3) technology directors;

(4) teachers;

(5) rural, urban, and suburban school districts;

(6) supplemental programs;

(7) full-time programs;

(8) consortia;

(9) charter schools;

(10) Board of Teaching-approved teacher preparation programs; and

(11) parents.

The members of the council shall be appointed by the commissioner.

(b) The advisory council shall bring to the attention of the commissioner and the legislature any matters related to online and digital learning ~~and~~. The advisory council shall provide input to the department and the legislature in online learning matters related, but not restricted, to:

(1) quality assurance;

(2) teacher qualifications;

(3) program approval;

(4) special education;

(5) attendance;

(6) program design and requirements; and

(7) fair and equal access to programs.

~~(b) By June 30, 2013,~~ (c) The ~~Online Learning~~ advisory council with the support of the Minnesota Department of Education and the Minnesota Learning Commons shall:

(1) oversee the development and maintenance of a catalog of publicly available digital learning content currently aligned to Minnesota academic standards to include:

(i) indexing of Minnesota academic standards with which curriculum is aligned;

(ii) a method for student and teacher users to provide evaluative feedback; and

(iii) a plan for ongoing maintenance; and

(2) recommend methods for including student performance data on the digital learning content within the catalog.

(d) The advisory council shall also consider and provide input to the department and legislature on digital learning matters including, but not limited to:

(1) methods to maximize the effectiveness of technology and related instructional strategies in teaching and learning to improve student outcomes and identify methods for measuring the impact of using various forms of digital learning in and outside of the classroom;

(2) the effective use of technology to advance a student's ability to learn 21st century skills and knowledge and to involve parents in an education system that is more transparent in terms of outcomes and processes by providing toolkits to help parents, students, and schools make good decisions in the environment of choice;

(3) the use of technology for schools to personalize or differentiate learning to the needs, abilities, and learning styles of each student and guide students towards greater ownership of their learning, so that all students are digital learners and have access to high-quality digital curriculum in every class and level;

(4) methods to prepare current and future educators, education leaders, and staff to provide professional development and collaboration around best practices to use and to evaluate the effectiveness of digital tools and instructional strategies to personalize or differentiate education and focus on competency-based learning and advancement, so that all teachers have a digital presence and use high-quality digital curriculum;

(5) methods to support collaborative efforts to leverage resources among districts or at regional levels to provide digital resources, content, and curriculum;

(6) the barriers to improving the use of technology in the classroom, and methods to ensure that each student has access to a digital device and high-speed Internet at school and at home; and

(7) the current disparities in digital education across the state.

(e) The advisory council shall make policy recommendations to the commissioner and committees of the legislature having jurisdiction over kindergarten through grade 12 education annually by December 15 of each year, including implementation plans based on recommendations from previous councils and task forces related to online and digital learning.

~~(c)~~ (f) The Online and Digital Learning Advisory Council under this subdivision expires June 30, ~~2013~~ 2016.

Sec. 14. Minnesota Statutes 2012, section 124D.122, is amended to read:

124D.122 ESTABLISHMENT OF FLEXIBLE LEARNING YEAR PROGRAM.

The board of any district or a consortium of districts, with the approval of the commissioner, may establish and operate a flexible learning year program in one or more of the day or residential facilities for children with a disability within the district. Consortiums may use a single application and evaluation process, though results, public hearings, and board approvals must be obtained for each district as required under appropriate sections.

Sec. 15. Minnesota Statutes 2012, section 124D.42, is amended to read:

124D.42 READING AND MATH CORPS.

Subd. 6. **Program training.** The commission must, within available resources:

(1) orient each grantee organization in the nature, philosophy, and purpose of the program;

(2) build an ethic of community service through general community service training; and

(3) provide guidance on integrating programmatic-based measurement into program models.

Subd. 8. **Minnesota reading corps program.** (a) A Minnesota reading corps program is established to provide ServeMinnesota ~~Innovation~~ AmeriCorps members with a data-based problem-solving model of literacy instruction to use in helping to train local Head Start program providers, other prekindergarten program providers, and staff in schools with students in kindergarten through grade 3 to evaluate and teach early literacy skills, including comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, to children age 3 to grade 3.

(b) Literacy programs under this subdivision must comply with the provisions governing literacy program goals and data use under section 119A.50, subdivision 3, paragraph (b).

(c) The commission must submit a biennial report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education that records and evaluates program data to determine the efficacy of the programs under this subdivision.

Subd. 9. **Minnesota math corps program.** (a) A Minnesota math corps program is established to give ServeMinnesota AmeriCorps members a data-based problem-solving model of mathematics instruction useful for providing elementary and middle school students and their teachers with instructional support to meet state academic standards in mathematics.

(b) The commission must submit a biennial report to the legislative committees with jurisdiction over kindergarten through grade 12 education that records and evaluates program data to determine the efficacy of the programs under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 16. Minnesota Statutes 2012, section 124D.59, subdivision 2, is amended to read:

Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through grade 12 who meets the following requirements:

(1) the pupil, as declared by a parent or guardian first learned a language other than English, comes from a home where the language usually spoken is other than English, or usually speaks a language other than English; and

(2) the pupil is determined by developmentally appropriate measures, which might include observations, teacher judgment, parent recommendations, or developmentally appropriate assessment instruments that measure the pupil's emerging academic English and are aligned to state standards for English language development defined in rule, to lack the necessary English skills to participate fully in classes taught in English.

(b) Notwithstanding paragraph (a), a pupil in grades 4 through 12 who was enrolled in a Minnesota public school on the dates during the previous school year when a commissioner provided assessment that measures the pupil's emerging academic English was administered, shall not be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, unless the pupil scored below the state cutoff score or is otherwise counted as a nonproficient participant on an assessment measuring emerging academic English provided by the commissioner during the previous school year.

(c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade 12 shall not be counted as an English learner in calculating English learner pupil units under section 126C.05, subdivision 17, and shall not generate state English learner aid under section 124D.65, subdivision 5, if:

(1) the pupil is not enrolled during the current fiscal year in an educational program for English learners in accordance with sections 124D.58 to 124D.64; or

(2) the pupil has generated five or more years of average daily membership in Minnesota public schools since July 1, 1996.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 17. Minnesota Statutes 2012, section 124D.61, is amended to read:

124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.

A district that enrolls one or more English learners must implement an educational program that includes at a minimum the following requirements:

(1) identification, program entrance, and reclassification criteria for English learners and program entrance and exit criteria for English learners must be documented by the district, applied uniformly to English learners, and made available to parents and other stakeholders upon request;

(2) a written plan of services that describes programming by English proficiency level made available to parents upon request. The plan must articulate the amount and scope of service offered to English learners through an educational program for English learners;

(3) professional development opportunities for ESL, bilingual education, mainstream, and all staff working with English learners which are: (i) coordinated with the district's professional development activities; (ii) related to the needs of English learners; and (iii) ongoing;

(4) to the extent possible, avoid isolating English learners for a substantial part of the school day; and

(5) in predominantly nonverbal subjects, such as art, music, and physical education, permit English learners to participate fully and on an equal basis with their contemporaries in public school classes provided for these subjects. To the extent possible, the district must assure to pupils enrolled in a program for English learners an equal and meaningful opportunity to participate fully with other pupils in all extracurricular activities.

The exit criteria under clause (1) must be equivalent to the emerging academic English measures on state assessments for English language development.

Sec. 18. Minnesota Statutes 2012, section 124D.79, subdivision 1, is amended to read:

Subdivision 1. **Community involvement.** The commissioner must provide for the maximum involvement of the state committees on American Indian education, parents of American Indian children, secondary students eligible to be served, American Indian language and culture education teachers, American Indian teachers, teachers' aides, representatives of community groups, and persons knowledgeable in the field of American Indian education, in the formulation of policy and procedures relating to the administration of sections 124D.71 to 124D.82. The commissioner must annually hold a field hearing on American Indian education to gather input from American Indian educators, parents, and students on the state of American Indian education in Minnesota. Results of the hearing must be made available to all 11 tribal nations for review and comment.

Sec. 19. Minnesota Statutes 2012, section 124D.79, is amended by adding a subdivision to read:

Subd. 4. **Consultation with the Tribal Nations Education Committee.** (a) The commissioner shall seek consultation with the Tribal Nations Education Committee on all issues relating to American Indian education including:

(1) administration of the commissioner's duties under sections 124D.71 to 124D.82 and other programs;

(2) administration of other programs for the education of American Indian people, as determined by the commissioner;

(3) awarding of scholarships to eligible American Indian students;

(4) administration of the commissioner's duties regarding awarding of American Indian postsecondary preparation grants to school districts; and

(5) recommendations of education policy changes for American Indians.

(b) Membership in the Tribal Nations Education Committee is at the sole discretion of the committee and nothing in this subdivision gives the commissioner authority to dictate committee membership.

Sec. 20. **[124D.791] INDIAN EDUCATION DIRECTOR.**

Subdivision 1. **Appointment.** An Indian education director shall be appointed by the commissioner.

Subd. 2. **Qualifications.** The commissioner shall select the Indian education director on the basis of outstanding professional qualifications and knowledge of American Indian education, culture, practices, and beliefs. The Indian education director serves in the unclassified service. The commissioner may remove the Indian education director for cause. The commissioner is encouraged to seek qualified applicants who are enrolled members of a tribe.

Subd. 3. **Compensation.** Compensation of the Indian education director shall be established under chapter 15A.

Subd. 4. **Duties; powers.** (a) The Indian education director shall:

(1) serve as the liaison for the department with the Tribal Nations Education Committee, the 11 reservations, the Minnesota Chippewa tribe, the Minnesota Indian Affairs Council, and the Urban Indian Advisory Council;

(2) evaluate the state of American Indian education in Minnesota;

(3) engage the tribal bodies, community groups, parents of children eligible to be served by American Indian education programs, American Indian administrators and teachers, persons experienced in the training of teachers for American Indian education programs, the tribally controlled schools, and other persons knowledgeable in the field of American Indian education and seek their advice on policies that can improve the quality of American Indian education;

(4) advise the commissioner on American Indian education issues, including:

(i) issues facing American Indian students;

(ii) policies for American Indian education;

(iii) awarding scholarships to eligible American Indian students and in administering the commissioner's duties regarding awarding of American Indian postsecondary preparation grants to school districts; and

(iv) administration of the commissioner's duties under sections 124D.71 to 124D.82 and other programs for the education of American Indian people;

(5) propose to the commissioner legislative changes that will improve the quality of American Indian education;

(6) develop a strategic plan and a long-term framework for American Indian education, in conjunction with the Minnesota Indian Affairs Council, that is updated every five years and implemented by the commissioner, with goals to:

(i) increase American Indian student achievement, including increased levels of proficiency and growth on statewide accountability assessments;

(ii) increase the number of American Indian teachers in public schools;

(iii) close the achievement gap between American Indian students and their more advantaged peers;

(iv) increase the statewide graduation rate for American Indian students; and

(v) increase American Indian student placement in postsecondary programs and the workforce; and

(7) keep the American Indian community informed about the work of the department by reporting to the Tribal Nations Education Committee at each committee meeting.

Sec. 21. **[124D.861] ACHIEVEMENT AND INTEGRATION FOR MINNESOTA.**

Subdivision 1. **Program to close the academic achievement and opportunity gap.** (a) The "Achievement and Integration for Minnesota" program is established to promote diversity, pursue racial and economic integration, and increase student academic achievement and equitable educational opportunities in Minnesota public schools. The program must serve students of varying racial, ethnic, and economic backgrounds, taking into account unique geographic and demographic particularities affecting students, schools, and districts including race, neighborhood locations and characteristics, grades, socioeconomic status, academic performance, and language barriers.

(b) For purposes of this section and section 124D.862, "eligible district" means a district required to submit a plan to the commissioner under Minnesota Rules governing school desegregation and integration.

(c) Eligible districts must use the revenue under section 124D.862 to pursue racial and economic integration in schools through: (1) in-school educational practices and integrated learning environments created to prepare all students to be effective citizens, enhance social cohesion, and reinforce democratic values; and (2) corresponding and meaningful policies and curricula and trained instructors, administrators, school counselors, and other advocates who support and enhance in-school practices and integrated learning environments under this section. In-school practices and integrated learning environments must promote increased student academic achievement, cultural fluency, graduation and educational attainment rates, and parent involvement.

Subd. 2. **Plan components.** (a) The school board of each eligible district must formally develop and implement a long-term comprehensive plan that identifies the collaborative structures and systems, in-school strategies, inclusive best educational practices, and partnerships with higher education institutions and industries required to effect this section and increase the academic achievement of all students. Plan components may include: innovative and integrated prekindergarten through grade 12 learning environments that offer students school enrollment choices; family engagement initiatives that involve families in their students' academic life and success; professional

development opportunities for teachers and administrators focused on improving the academic achievement of all students; increased programmatic opportunities focused on rigor and college and career readiness for underserved students, including students enrolled in alternative learning centers under section 123A.05, public alternative programs under section 126C.05, subdivision 15, or contract alternative programs under section 124D.69, among other underserved students; or recruitment and retention of teachers and administrators with diverse backgrounds. The plan must specify district and school goals for reducing the disparity in academic achievement among all racial and ethnic categories of students and promoting racial and economic integration in schools and districts over time.

(b) Among other requirements, an eligible district must implement a cost-effective, research-based intervention that includes formative assessment practices to reduce the disparity in student academic achievement between the highest and lowest performing racial and ethnic categories of students as measured by student demonstration of proficiency on state reading and math assessments.

(c) Eligible districts must collaborate in creating efficiencies and eliminating the duplication of programs and services under this section, which may include forming a single, seven-county metropolitan areawide partnership of eligible districts for this purpose.

Subd. 3. **Biennial progress; budget process.** (a) To receive revenue under section 124D.862, the school board of an eligible district must hold at least one formal hearing by March 1 in the year preceding the current biennium to report to the public its progress in realizing the goals identified in its plan. At the hearing, the board must provide the public with longitudinal data demonstrating district and school progress in reducing the disparity in student academic achievement among all racial and ethnic categories of students and realizing racial and economic integration, consistent with its plan and the measures in paragraph (b). At least 30 days before the formal hearing under this paragraph, the board must post on the district Web site, in an understandable, readily accessible format, up-to-date longitudinal data on district and school progress in reducing disparities in students' academic achievement, consistent with this subdivision. The district also must submit to the commissioner by March 1 in the year preceding the current biennium a detailed biennial budget for continuing to implement its plan and the commissioner must review and approve or disapprove the budget by June 1 of that year.

(b) The longitudinal data required under paragraph (a) must be based on one or more of the following measures:

(1) the number of world language proficiency or high achievement certificates awarded under section 120B.022, subdivision 1, paragraphs (b) and (c);

(2) student growth and progress toward proficiency in reading or mathematics as defined under section 120B.299;

(3) adequate yearly progress under section 120B.35, subdivision 2;

(4) preparation for postsecondary academic and career opportunities under section 120B.35, subdivision 3, paragraph (c), clause (1);

(5) rigorous coursework completed under section 120B.35, subdivision 3, paragraph (c), clause (2); or

(6) school safety and students' engagement and connection at school under section 120B.35, subdivision 3, paragraph (d).

Subd. 4. **Evaluation.** The commissioner must evaluate the efficacy of district plans in reducing the disparity in student academic achievement among all racial and ethnic categories of students and realizing racial and economic integration and report the commissioner's findings to the legislative committees with jurisdiction over kindergarten through grade 12 education by February 1 every fourth year beginning February 1, 2017.

EFFECTIVE DATE. This section is effective for fiscal year 2014 and later.

Sec. 22. **[124D.862] ACHIEVEMENT AND INTEGRATION REVENUE.**

Subdivision 1. **Eligibility.** A school district is eligible for achievement and integration revenue under this section if the district has a biennial achievement and integration plan approved by the department under section 124D.861.

Subd. 2. **Achievement and integration revenue.** (a) An eligible district's initial achievement and integration revenue equals the sum of (1) $350 times the district's adjusted pupil units for that year times the ratio of the district's enrollment of protected students for the previous school year to total enrollment for the previous school year, and (2) the greater of zero or 65 percent of the difference between the district's integration revenue for fiscal year 2013 and the district's integration revenue for fiscal year 2014 under clause (1).

(b) In each year, 0.2 percent of each district's initial achievement and integration revenue is transferred to the department for the oversight and accountability activities required under this section and section 124D.861.

(c) A district that did not meet its achievement goals established in section 124D.861 for the previous biennium must have its initial achievement and integration revenue reduced by five percent for the current year.

(d) Any revenue saved by the reductions in paragraph (c) must be proportionately reallocated on a per-pupil basis to all districts that met their achievement goals in the previous biennium.

Subd. 3. **Achievement and integration aid.** A district's achievement and integration aid equals 70 percent of its achievement and integration revenue.

Subd. 4. **Achievement and integration levy.** A district's achievement and integration levy equals the difference between its achievement and integration revenue and its achievement and integration aid. For Special School District No. 1, Minneapolis, Independent School District No. 625, St. Paul, and Independent School District No. 709, Duluth, 100 percent of the levy certified under this subdivision is shifted into the prior calendar year for purposes of sections 123B.75, subdivision 5, and 127A.441.

Subd. 5. **Incentive revenue.** An eligible school district's maximum incentive revenue equals $10 per adjusted pupil unit. In order to receive this revenue, a district must be implementing a voluntary plan to reduce racial enrollment disparities through intradistrict and interdistrict activities that have been approved as a part of the district's achievement and integration plan.

Subd. 6. **Revenue reserved.** Integration revenue received under this section must be reserved and used only for the programs authorized in subdivision 7.

Subd. 7. **Revenue uses.** (a) At least 80 percent of a district's achievement and integration revenue received under this section must be used for innovative and integrated learning environments, school enrollment choices, family engagement activities, and other approved programs providing direct services to students.

(b) Up to 20 percent of the revenue may be used for professional development and staff development activities and placement services.

(c) No more than ten percent of the total amount of revenue may be spent on administrative services.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2014 and later.

Sec. 23. **TEACHER LICENSURE ADVISORY TASK FORCE.**

(a) A Teacher Licensure Advisory Task Force is established to make recommendations to the Board of Teaching, the commissioner of education, and the education committees of the legislature on requirements for: teacher applicants to demonstrate mastery of basic reading, writing, and mathematics skills through nationally normed assessments, a basic skills portfolio, or accredited college coursework, among other methods of demonstrating basic skills mastery; and an alternative licensure pathway for nonnative English speakers seeking licensure to teach in a language immersion program.

(b) Task force recommendations on how teacher candidates demonstrate basic skills mastery must encompass the following criteria:

(1) assessment content must be relevant to the teacher's subject area licensure;

(2) the scope of assessment content must be documented in sufficient detail to correspond to a similarly detailed description of relevant public school curriculum;

(3) the scope of assessment content must be publicly available and readily accessible on the Web site of the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions;

(4) the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions, upon request, must make available to the public at cost a written review of the scope of assessment content;

(5) if applicable, the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions annually must post on their Web site up-to-date longitudinal summary data showing teacher candidates' overall passing rate and the passing rate for each demographic group of teacher candidates taking a basic skills assessment in that school year and in previous school years;

(6) reliable evidence showing assessment content is not culturally biased;

(7) the Board of Teaching and all Minnesota board-approved teacher preparation programs and institutions must appropriately accommodate teacher candidates with documented learning disabilities; and

(8) if applicable, give timely, detailed feedback to teacher candidates who do not pass the basic skills assessment sufficient for the candidate to target specific areas of deficiency for appropriate remediation.

(c) The Teacher Licensure Advisory Task Force shall be composed of the following members:

(1) two members of the Board of Teaching appointed by the board's chair;

(2) two representatives from the Department of Education appointed by the commissioner of education;

(3) two members of the house of representatives appointed by the speaker of the house, one from the minority party and one from the majority party;

(4) two members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration of the senate, one from the minority party and one from the majority party;

(5) one elementary school principal from rural Minnesota appointed by the Minnesota Elementary School Principals Association and one secondary school principal from the seven-county metropolitan area appointed by the Minnesota Secondary School Principals Association;

(6) one licensed and practicing public elementary school teacher and one licensed and practicing secondary school teacher appointed by Education Minnesota;

(7) one teacher preparation faculty member each from the University of Minnesota system appointed by the system president, the Minnesota State Colleges and Universities system appointed by the system chancellor, and the Minnesota Private Colleges and Universities system appointed by the Minnesota Private Colleges Council;

(8) one member of the Nonpublic Education Council appointed by the council; and

(9) one representative of Minnesota charter schools appointed by the Minnesota Charter Schools Association.

(d) The executive director of the Board of Teaching and the commissioner of education jointly must convene the task force by August 1, 2013. Task force members are not eligible for compensation or reimbursement for expenses related to task force activities. The executive director of the board and the commissioner of education must provide technical assistance to task force members upon request.

(e) By February 1, 2014, task force members must submit to the Board of Teaching, the commissioner of education, and the education committees of the legislature their written recommendations on requirements for teacher applicants to demonstrate mastery of basic reading, writing, and mathematics skills and for an alternative licensure pathway for nonnative English speakers seeking licensure to teach in a language immersion program.

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

Sec. 24. **SCHOOL CLIMATE CENTER FIRST-YEAR PRIORITIES.**

(a) During the first year the school climate center operates under Minnesota Statutes, section 121A.08, the center shall:

(1) work in partnership with the Department of Public Safety school safety center and other appropriate entities to establish and staff the school climate council under Minnesota Statutes, section 121A.07;

(2) develop and disseminate a model bullying and intimidation prevention policy for schools;

(3) provide regional training and technical assistance to schools on best practices for ensuring a positive school climate;

(4) collaborate with other entities to establish and make accessible baseline data to inform and guide efforts to improve the school climate; and

(5) develop a tool kit, available through the Department of Education Web site, of current research-based practices that promote positive learning environments and help repair learning environments when harm occurs, including materials appropriate for use with diverse and special needs populations.

(b) When appropriate, and consistent with federal and state data privacy laws, data under paragraph (a), clause (4), shall be made available for analysis at population subgroup, school site, and district, regional, and statewide levels.

Sec. 25. **STUDENT SUPPORT SERVICES; TEAM STAFFING APPROACH.**

The commissioner of education shall develop and submit to the kindergarten through grade 12 education policy and finance committees of the legislature by February 1, 2014, recommendations for providing professional support services, including school counseling, psychology, nursing, social work, and chemical dependency services, to public school students throughout Minnesota using a team staffing structure. The recommendations must reflect (i) the extent to which students need academic, career, personal, social, and early-onset mental health services and (ii)

the extent to which such services or teams do not exist, are incomplete or inadequate given the number of students implicated, or are not funded or reimbursed from nonstate sources, and where caseloads for individual team members exceed established professional guidelines or recommendations by more than 50 percent.

Sec. 26. **LEVY ADJUSTMENT.**

The Department of Education must adjust the achievement and integration levy for taxes payable in 2014 by the difference between the achievement and integration levy for fiscal year 2014 under section 124D.862 and the amount levied by the district under Laws 2011, First Special Session chapter 11, article 2, section 49, paragraph (f).

Sec. 27. **APPROPRIATIONS.**

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86:

$17,197,000	. . . . .	2014
$0	. . . . .	2015

The 2014 appropriation includes $17,197,000 for 2013 and $0 for 2014.

The 2015 appropriation includes $0 for 2014 and $0 for 2015.

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

$58,911,000	. . . . .	2014
$68,623,000	. . . . .	2015

The 2014 appropriation includes $0 for 2013 and $58,911,000 for 2014.

The 2015 appropriation includes $9,273,000 for 2014 and $59,350,000 for 2015.

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

$52,514,000	. . . . .	2014
$53,818,000	. . . . .	2015

The 2014 appropriation includes $6,607,000 for 2013 and $45,907,000 for 2014.

The 2015 appropriation includes $7,225,000 for 2014 and $46,593,000 for 2015.

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

$13,968,000	. . . . .	2014
$14,712,000	. . . . .	2015

Subd. 6. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

$2,137,000	. . . . .	2014
$2,137,000	. . . . .	2015

The 2014 appropriation includes $290,000 for 2013 and $1,847,000 for 2014.

The 2015 appropriation includes $290,000 for 2014 and $1,847,000 for 2015.

Subd. 7. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

$190,000	. . . . .	2014
$190,000	. . . . .	2015

Subd. 8. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

$2,090,000	. . . . .	2014
$2,252,000	. . . . .	2015

The 2014 appropriation includes $266,000 for 2013 and $1,824,000 for 2014.

The 2015 appropriation includes $285,000 for 2014 and $1,967,000 for 2015.

Subd. 9. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

$68,000	. . . . .	2014
$68,000	. . . . .	2015

Subd. 10. **Examination fees; teacher training and support programs.** (a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

$4,500,000	. . . . .	2014
$4,500,000	. . . . .	2015

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and the Minnesota Association of IB World Schools, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least $500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both.

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. **Concurrent enrollment program.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

$2,000,000	. . . . .	2014
$2,000,000	. . . . .	2015

If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

Any balance in the first year does not cancel but is available in the second year.

Subd. 12. **Collaborative urban educator.** For the collaborative urban educator grant program:

$776,000	. . . . .	2014
$776,000	. . . . .	2015

$224,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; $184,000 each year is for the collaborative educator program at the University of St. Thomas; $184,000 each year is for the Center for Excellence in Urban Teaching at Hamline University; and $184,000 each year is for East African teacher educator activities at Augsburg College.

Any balance in the first year does not cancel but is available in the second year.

Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced.

Subd. 13. **ServeMinnesota program.** For funding ServeMinnesota programs under Minnesota Statutes, sections 124D.37 to 124D.45:

$900,000	. . . . .	2014
$900,000	. . . . .	2015

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available.

Subd. 14. **Student organizations.** For student organizations:

$725,000	. . . . .	2014
$725,000	. . . . .	2015

$45,695 each year is for student organizations serving health occupations (HOSA).

$42,830 each year is for student organizations serving service occupations (HERO).

$100,130 each year is for student organizations serving trade and industry occupations (Skills USA, secondary and postsecondary).

$95,355 each year is for student organizations serving business occupations (BPA, secondary and postsecondary).

$149,790 each year is for student organizations serving agriculture occupations (FFA, PAS).

$142,150 each year is for student organizations serving family and consumer science occupations (FCCLA).

$108,725 each year is for student organizations serving marketing occupations (DECA and DECA collegiate).

$40,325 each year is for the Minnesota Foundation for Student Organizations.

Any balance in the first year does not cancel but is available in the second year.

Subd. 15. **Early childhood literacy programs.** For early childhood literacy programs under Minnesota Statutes, section 119A.50, subdivision 3:

$4,125,000	. . . . .	2014
$4,125,000	. . . . .	2015

Up to $4,125,000 each year is for leveraging federal and private funding to support AmeriCorps members serving in the Minnesota reading corps program established by ServeMinnesota, including costs associated with the training and teaching of early literacy skills to children age three to grade 3 and the evaluation of the impact of the program under Minnesota Statutes, sections 124D.38, subdivision 2, and 124D.42, subdivision 6.

Any balance in the first year does not cancel but is available in the second year.

Subd. 16. **Minnesota math corps program.** For the Minnesota math corps program under Minnesota Statutes, section 124D.42, subdivision 9:

$250,000	. . . . .	2014
$250,000	. . . . .	2015

Any unexpended balance in the first year does not cancel but is available in the second year.

Subd. 17. **Minnesota Principals' Academy.** For a grant to the University of Minnesota, College of Education and Human Development, for the operation of the Minnesota Principals' Academy:

$235,000	. . . . .	2014
$215,000	. . . . .	2015

Any balance in the first year does not cancel but is available in the second year. The base appropriation for this program for fiscal year 2016 and later is $250,000.

Subd. 18. **Regional centers of excellence.** For regional centers of excellence under Minnesota Statutes, section 126C.101, subdivision 4:

$1,500,000	. . . . .	2014
$3,000,000	. . . . .	2015

The base for the regional centers of excellence in fiscal years 2016 and 2017 is $4,500,000 each year.

Subd. 19. **School Climate Center.** For the School Climate Center under Minnesota Statutes, section 121A.08:

$500,000	. . . . .	2014
$500,000	. . . . .	2015

Subd. 20. **Site decision-making grant program.** For site decision-making grants under Minnesota Statutes, section 123B.04, subdivision 2, paragraph (f):

$200,000	. . . . .	2014

An education site having a written achievement contract under Minnesota Statutes, section 123B.04, subdivision 4, agreed to by the school board and the education site, may apply to the commissioner of education for a two-year grant not to exceed $10 per resident pupil unit at the site in the 2012-2013 school year. Each participating education site and its school board that are the parties to the achievement contract must report annually to the commissioner, in the form and manner determined by the commissioner, on the progress and success of the education site in achieving student or contract goals or other performance expectations or measures contained in the achievement contract. The commissioner must include the substance and an analysis of these reports in the next statewide report under Minnesota Statutes, section 123B.04, subdivision 5, clause (3), evaluating the effectiveness of site management agreements in redesigning learning programs and broadening the definition of student achievement. Any unexpended funds do not cancel but are available in fiscal year 2015.

ARTICLE 4
CHARTER SCHOOLS

Section 1. Minnesota Statutes 2012, section 124D.10, is amended to read:

124D.10 CHARTER SCHOOLS.

Subdivision 1. **Purposes.** (a) The primary purpose of this section is to~~:~~

~~(1)~~ improve pupil learning and student achievement~~;~~ . Additional purposes include to:

~~(2)~~ (1) increase learning opportunities for pupils;

~~(3)~~ (2) encourage the use of different and innovative teaching methods;

~~(4)~~ (3) measure learning outcomes and create different and innovative forms of measuring outcomes;

~~(5)~~ (4) establish new forms of accountability for schools; ~~and~~ or

~~(6)~~ (5) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that a school board decides to close. However, a school board may endorse or authorize the establishing of a charter school to replace the school the board decided to close. Applicants seeking a charter under this circumstance must demonstrate to the authorizer that the charter sought is substantially different in purpose and program from the school the board closed and that the proposed charter satisfies the requirements of this subdivision. If the school board that closed the school authorizes the charter, it must document in its affidavit to the commissioner that the charter is substantially different in program and purpose from the school it closed.

An authorizer shall not approve an application submitted by a charter school developer under subdivision 4, paragraph (a), if the application does not comply with this subdivision. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4, paragraph (b), if the affidavit does not comply with this subdivision.

Subd. 2. **Applicability.** This section applies only to charter schools formed and operated under this section.

Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

(b) The following organizations may authorize one or more charter schools:

(1) a school board, intermediate school district school board, or education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution; any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution; and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) is registered with the attorney general's office; and

(iii) is incorporated in the state of Minnesota and has been operating continuously for at least five years but does not operate a charter school;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota;

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years; or

(5) single-purpose authorizers that are charitable, nonsectarian organizations formed under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota under chapter 317A as a corporation with no members whose sole purpose is to charter schools. Eligible organizations interested in being approved as an authorizer under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (c) and a five-year financial plan. Such authorizers shall consider and approve charter school applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(c) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 45 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the specific deficiencies in writing and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. After the 20 business days expire, the commissioner has 15 business days to make a final decision to approve or disapprove the application. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

(1) capacity and infrastructure;

(2) application criteria and process;

(3) contracting process;

(4) ongoing oversight and evaluation processes; and

(5) renewal criteria and processes.

(d) An applicant must include in its application to the commissioner to be an approved authorizer at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

(2) a description of the capacity of the organization to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;

(6) a description of the criteria and process the authorizer will use to grant expanded applications under subdivision 4, paragraph (j);

(7) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

(e) A disapproved applicant under this section may resubmit an application during a future application period.

(f) If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under subdivision 23, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year. The commissioner may approve the transfer of a charter school to a new authorizer under this paragraph after the new authorizer submits an affidavit to the commissioner.

(g) The authorizer must participate in department-approved training.

~~(h) An authorizer that chartered a school before August 1, 2009, must apply by June 30, 2012, to the commissioner for approval, under paragraph (c), to continue as an authorizer under this section. For purposes of this paragraph, an authorizer that fails to submit a timely application is ineligible to charter a school.~~

~~(i)~~ (h) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer. If, consistent with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action. If the commissioner terminates a contract between an authorizer and a charter school under this paragraph, the commissioner may assist the charter school in acquiring a new authorizer.

~~(j)~~ (i) The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph (c) under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors;

(3) unsatisfactory performance as an approved authorizer; or

(4) any good cause shown that provides the commissioner a legally sufficient reason to take corrective action against an authorizer.

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under paragraph (b). The school must be organized and operated as a nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of establishing a charter school.

(b) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. The affidavit must state the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes an authorizer from chartering the school that is the subject of this affidavit.

(c) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

(d) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a nonprofit corporation under chapter 317A and must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f). A charter school board of directors must be composed of at least five members who are not related parties. Staff members employed at the school, including teachers providing instruction under a contract with a cooperative, members of the board of directors, and all parents or legal guardians of children enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election. Board of director meetings must comply with chapter 13D.

(e) A charter school shall publish and maintain on the school's official Web site: (1) the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority, for at least one calendar year from the date of publication; (2) directory information for members of the board of directors and committees having board-delegated authority; and (3) identifying and contact information for the school's authorizer. Identifying and contact information for the school's authorizer must be included in other school materials made available to the public. Upon request of an individual, the charter school must also make available in a timely fashion financial statements showing all operations and transactions affecting income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must ~~post on its official Web site information identifying its authorizer and indicate how to contact that authorizer and~~ include that same information about its authorizer in other school materials that it makes available to the public.

(f) Every charter school board member shall attend ~~ongoing~~ annual training throughout the member's term on the board ~~governance, including.~~ All new board members shall attend initial training on the board's role and responsibilities, employment policies and practices, and financial management. A new board member who does not begin the required initial training within six months after being seated and complete that training within 12 months of being seated on the board is automatically ineligible to continue to serve as a board member. The school shall include in its annual report the training attended by each board member during the previous year.

(g) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during the school year but may not be conducted on days when the school is closed for holidays, breaks, or vacations. The charter school board of directors shall be composed of at least five nonrelated members

and include: (i) at least one licensed teacher employed as a teacher at the school or ~~a licensed teacher~~ providing instruction under contract between the charter school and a cooperative; (ii) ~~the~~ at least one parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; and (iii) ~~an~~ at least one interested community member who resides in Minnesota and is not employed by the charter school and does not have a child enrolled in the school. The board ~~may be a teacher majority board composed~~ may include a majority of teachers, parents, or community members as described in this paragraph or it may have no clear majority. The chief financial officer and the chief administrator may only serve as ex-officio nonvoting board members ~~and may not serve as a voting member of the board~~. No charter school employees shall ~~not~~ serve on the board ~~unless~~ other than teachers under item (i) ~~applies~~. Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school. Board bylaws shall outline the process and procedures for changing the board's governance ~~model~~ structure, consistent with chapter 317A. A board may change its governance ~~model~~ structure only:

(1) by a majority vote of the board of directors and a majority vote of the licensed teachers employed by the school as teachers, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance structure must conform with the composition of the board ~~structure~~ established under this paragraph.

(h) The granting or renewal of a charter by an authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

(i) The granting or renewal of a charter school by an authorizer must not be contingent on the charter school being required to contract, lease, or purchase services or facilities from the authorizer or to enter into a contract with a corporation, contractor, or individual with which the authorizer has a financial relationship or arrangement. Any potential contract~~, lease,~~ or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process it used in awarding the contract. The authorizer must document that the bid terms were competitive in relation to the market and that the authorizer makes the same terms available to schools that it does not authorize. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.

(j) An authorizer may permit the board of directors of a charter school to expand the operation of the charter school to additional sites or ~~to add additional~~ grades at the school beyond those described in the authorizer's original affidavit as approved by the commissioner only after submitting a supplemental affidavit for approval to the commissioner in a form and manner prescribed by the commissioner. The supplemental affidavit must document that:

(1) the proposed expansion plan demonstrates need and projected enrollment;

(2) the expansion is warranted, at a minimum, by longitudinal data demonstrating students' improved academic performance and growth on statewide assessments under chapter 120B;

(3) the charter school is financially sound and the financing it needs to implement the proposed expansion exists; and

(4) the charter school has the governance structure and management capacity to carry out its expansion.

(k) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in the supplemental affidavit and the authorizer then has 20 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school may not expand grades or add sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Subd. 4a. **Conflict of interest.** (a) An individual is prohibited from serving as a member of the charter school board of directors if the individual, an immediate family member, or the individual's partner is ~~an~~ a full or part owner~~, employee or agent of,~~ or ~~a contractor~~ principal with a for-profit or nonprofit entity or ~~individual~~ independent contractor with whom the charter school contracts, directly or indirectly, for professional services, goods, or facilities. An individual is prohibited from serving as a board member if an immediate family member is an employee of the school or is an individual with whom the school contracts, directly or indirectly, through full or part ownership, for professional services, goods, or facilities. A violation of this prohibition renders a contract voidable at the option of the commissioner or the charter school board of directors. A member of a charter school board of directors who violates this prohibition is individually liable to the charter school for any damage caused by the violation.

(b) No member of the board of directors, employee, officer, or agent of a charter school shall participate in selecting, awarding, or administering a contract if a conflict of interest exists. A conflict exists when:

(1) the board member, employee, officer, or agent;

(2) the immediate family of the board member, employee, officer, or agent;

(3) the partner of the board member, employee, officer, or agent; or

(4) an organization that employs, or is about to employ any individual in clauses (1) to (3),

has a financial or other interest in the entity with which the charter school is contracting. A violation of this prohibition renders the contract void.

(c) Any employee, agent, or board member of the authorizer who participates in the initial review, approval, ongoing oversight, evaluation, or the charter renewal or nonrenewal process or decision is ineligible to serve on the board of directors of a school chartered by that authorizer.

(d) An individual may serve as a member of the board of directors if no conflict of interest under paragraph (a) exists.

(e) The conflict of interest provisions under this subdivision do not apply to compensation paid to a teacher employed as a teacher by the charter school ~~who~~ or a teacher who provides instructional services to the charter school through a cooperative formed under chapter 308A when the teacher also serves ~~as a member of~~ on the charter school board of directors.

~~(f) The conflict of interest provisions under this subdivision do not apply to a teacher who provides services to a charter school through a cooperative formed under chapter 308A when the teacher also serves on the charter school board of directors.~~

Subd. 5. **Conversion of existing schools.** A board of an independent or special school district may convert one or more of its existing schools to charter schools under this section if 60 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Subd. 6. **Charter contract.** The authorization for a charter school must be in the form of a written contract signed by the authorizer and the board of directors of the charter school. The contract must be completed within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract within ten business days of its execution. The contract for a charter school must be in writing and contain at least the following:

(1) a declaration that the charter school will carry out the primary purpose in subdivision 1 and how the school will report its implementation of the primary purpose;

~~(1)~~ (2) a declaration of the additional purposes in subdivision 1 that the school intends to carry out and how the school will report its implementation of those purposes;

~~(2)~~ (3) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;

~~(3)~~ (4) a statement of admission policies and procedures;

~~(4)~~ (5) a governance, management, and administration plan for the school;

~~(5)~~ (6) signed agreements from charter school board members to comply with all federal and state laws governing organizational, programmatic, and financial requirements applicable to charter schools;

~~(6)~~ (7) the criteria, processes, and procedures that the authorizer will use ~~for ongoing oversight of operational, financial, and academic performance~~ to monitor and evaluate the fiscal, operational, and academic performance consistent with subdivision 15, paragraphs (a) and (b);

~~(7)~~ (8) for contract renewal, the formal written performance evaluation of the school that is a prerequisite for reviewing a charter contract under subdivision 15;

~~(8)~~ (9) types and amounts of insurance liability coverage to be obtained by the charter school, consistent with subdivision 8, paragraph (k);

~~(9)~~ (10) consistent with subdivision 25, paragraph (d), a provision to indemnify and hold harmless the authorizer and its officers, agents, and employees from any suit, claim, or liability arising from any operation of the charter school, and the commissioner and department officers, agents, and employees notwithstanding section 3.736;

~~(10)~~ (11) the term of the initial contract, which may be up to five years plus an additional preoperational planning year, and up to five years for a renewed contract or a contract with a new authorizer after a transfer of authorizers, if warranted by the school's academic, financial, and operational performance;

~~(11)~~ (12) how the board of directors or the operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability;

~~(12) the process and criteria the authorizer intends to use to monitor and evaluate the fiscal and student performance of the charter school, consistent with subdivision 15; and~~

(13) the specific conditions for contract renewal, which identify performance under the primary purpose of subdivision 1 as the most important factor in determining contract renewal; and

~~(13)~~ (14) the plan for an orderly closing of the school under chapter 317A, ~~if~~ whether the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, ~~and~~ that includes establishing the responsibilities of the school board of directors and the authorizer and notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, the transfer of student records to students' resident districts, and procedures for closing financial operations.

Subd. 6a. **Audit report.** (a) The charter school must submit an audit report to the commissioner and its authorizer by December 31 each year.

(b) The charter school, with the assistance of the auditor conducting the audit, must include with the report, as supplemental information, a copy of all charter school agreements for corporate management services, including parent company or other administrative, financial, and staffing services. If the entity that provides the professional services to the charter school is exempt from taxation under section 501 of the Internal Revenue Code of 1986, that entity must file with the commissioner by February 15 a copy of the annual return required under section 6033 of the Internal Revenue Code of 1986.

(c) A charter school independent audit report shall include audited financial data of an affiliated building corporation or other component unit.

~~(c)~~ (d) If the audit report finds that a material weakness exists in the financial reporting systems of a charter school, the charter school must submit a written report to the commissioner explaining how the material weakness will be resolved. An auditor, as a condition of providing financial services to a charter school, must agree to make available information about a charter school's financial audit to the commissioner and authorizer upon request.

Subd. 7. **Public status; exemption from statutes and rules.** A charter school is a public school and is part of the state's system of public education. A charter school is exempt from all statutes and rules applicable to a school, school board, or school district unless a statute or rule is made specifically applicable to a charter school or is included in this section.

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution. A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

(e) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled. This paragraph does not apply to shared time aid under section 126C.19.

(f) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(g) A charter school may not charge tuition.

(h) A charter school is subject to and must comply with chapter 363A and section 121A.04.

(i) A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

(j) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under subdivision 6a. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is

subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(k) A charter school is a district for the purposes of tort liability under chapter 466.

(l) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

(m) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

(n) A charter school offering online courses or programs must comply with section 124D.095.

(o) A charter school and charter school board of directors are subject to chapter 181.

(p) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

(q) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19.

(r) A charter school that provides school-sponsored youth athletic activities must comply with section 121A.38.

(s) A charter school is subject to and must comply with continuing truant notification under section 260A.03.

(t) A charter school must develop and implement a teacher evaluation and peer review process, consistent with section 122A.40, subdivision 8, paragraph (b), and subdivision 21, paragraph (b), of this section.

(u) A charter school is subject to and must comply with the same requirements as a school district under section 126C.101.

Subd. 8a. **Aid reduction.** The commissioner may reduce a charter school's state aid under section 127A.42 or 127A.43 if the charter school board fails to correct a violation under this section.

Subd. 8b. **Aid reduction for violations.** The commissioner may reduce a charter school's state aid by an amount not to exceed 60 percent of the charter school's basic revenue for the period of time that a violation of law occurs.

Subd. 9. **Admission requirements.** (a) A charter school may limit admission to:

(1) pupils within an age group or grade level;

(2) pupils who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area in which the school is located when the majority of students served by the school are members of underserved populations.

(b) A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. The charter school must develop and publish, including on its Web site, a lottery policy and process that it must use when accepting pupils by lot.

(c) A charter school shall give enrollment preference to a sibling of an enrolled pupil and to a foster child of that pupil's parents and may give preference for enrolling children of the school's staff before accepting other pupils by lot.

(d) A person shall not be admitted to a charter school: (1) as a kindergarten pupil, unless the pupil is at least five years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences; or (2) as a first grade student, unless the pupil is at least six years of age on September 1 of the calendar year in which the school year for which the pupil seeks admission commences or has completed kindergarten; except that a charter school may establish and publish on its Web site a policy for admission of selected pupils at an earlier age, consistent with the enrollment process in paragraphs (b) and (c) and section 124D.02, subdivision 1.

(e) Except as permitted in paragraph (d), a charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability and may not establish any criteria or requirements for admission that are inconsistent with this subdivision.

(f) The charter school shall not distribute any services or goods of value to students, parents, or guardians as an inducement, term, or condition of enrolling a student in a charter school.

Subd. 10. **Pupil performance.** A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students. In the absence of the commissioner's requirements, the school must meet the outcomes contained in the contract with the authorizer. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students.

Subd. 11. **Employment and other operating matters.** (a) A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. The charter school board is subject to section 181.932. When offering employment to a prospective employee, a charter school must give that employee a written description of the terms and conditions of employment and the school's personnel policies.

(b) A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties. The board of directors shall establish qualifications for persons that hold administrative, supervisory, or instructional leadership roles. The qualifications shall include at least the following areas: instruction and assessment; human resource and personnel management; financial management; legal and compliance management; effective communication; and board, authorizer, and community relationships. The board of directors shall use those qualifications as the basis for job descriptions, hiring, and performance evaluations of those who hold administrative, supervisory, or instructional leadership roles. The board of directors and an individual who does not hold a valid administrative license and who serves in an administrative, supervisory, or instructional leadership position shall develop a professional development plan. Documentation of the implementation of the professional development plan of these persons shall be included in the school's annual report.

(c) The board of directors also shall decide and be responsible for policy matters related to the operation of the school, including budgeting, curriculum programming, personnel, and operating procedures. The board shall adopt a policy on nepotism in employment. The board shall adopt personnel evaluation policies and practices that, at a minimum:

(1) carry out the school's mission and goals;

(2) evaluate the execution of charter contract goals and commitments;

(3) evaluate student achievement, postsecondary and workforce readiness, and engagement goals; and

(4) provide professional development related to the individual's job responsibilities.

Subd. 12. **Pupils with a disability.** A charter school must comply with sections 125A.02, 125A.03 to 125A.24, and 125A.65 and rules relating to the education of pupils with a disability as though it were a district.

Subd. 13. **Length of school year.** A charter school must provide instruction each year for at least the number of hours required by section 120A.41. It may provide instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

Subd. 14. **Annual public reports.** A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, ~~operational performance,~~ innovative practices and implementation, and future plans. A charter school must post the annual report on the school's official Web site. A charter school must also distribute the annual report by publication, mail, or electronic means to ~~the commissioner,~~ its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school ~~and must also post the report on the charter school's official Web site~~. The reports are public data under chapter 13.

Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written evaluation of the school's performance before the authorizer renews the charter contract. The department must review and comment on the authorizer's evaluation process at the time the authorizer submits its application for approval and each time the authorizer undergoes its five-year review under subdivision 3, paragraph (i).

(b) An authorizer shall monitor and evaluate the fiscal, operational, and student performance of the school, and may for this purpose annually assess a charter school a fee according to paragraph (c). The agreed-upon fee structure must be stated in the charter school contract.

(c) The fee that each charter school pays to an authorizer each year is the greater of:

(1) the basic formula allowance for that year; or

(2) the lesser of:

(i) the maximum fee factor times the basic formula allowance for that year; or

(ii) the fee factor times the basic formula allowance for that year times the charter school's adjusted marginal cost pupil units for that year. The fee factor equals ~~.005 in fiscal year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and~~ .015 ~~in fiscal years 2013 and later~~. The maximum fee factor equals ~~1.5 in fiscal year 2010, 2.0 in fiscal year 2011, 3.0 in fiscal year 2012, and~~ 4.0 ~~in fiscal years 2013 and later~~.

(d) An authorizer may not assess a fee for any required services other than as provided in this subdivision.

(e) For the preoperational planning period, after a school is chartered, the authorizer may assess a charter school a fee equal to the basic formula allowance.

(f) By September 30 of each year, an authorizer shall submit to the commissioner a statement of income and expenditures related to chartering activities during the previous school year ending June 30. A copy of the statement shall be given to all schools chartered by the authorizer.

Subd. 16. **Transportation.** (a) A charter school after its first fiscal year of operation by March 1 of each fiscal year and a charter school by July 1 of its first fiscal year of operation must notify the district in which the school is located and the Department of Education if it will provide its own transportation or use the transportation services of the district in which it is located for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation must be provided by the charter school within the district in which the charter school is located. The state must pay transportation aid to the charter school according to section 124D.11, subdivision 2.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. A parent may be reimbursed by the charter school for costs of transportation from the pupil's residence to the border of the district in which the charter school is located if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week.

At the time a pupil enrolls in a charter school, the charter school must provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at the school must be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in the same district in which the charter school is located. Transportation may be provided by the district in which the school is located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different district. If the district provides the transportation, the scheduling of routes, manner and method of transportation, control and discipline of the pupils, and any other matter relating to the transportation of pupils under this paragraph shall be within the sole discretion, control, and management of the district.

Subd. 17. **Leased space.** A charter school may lease space from an independent or special school board ~~eligible to be an authorizer~~, other public organization, private, nonprofit nonsectarian organization, private property owner, or a sectarian organization if the leased space is constructed as a school facility. The department must review and approve or disapprove leases, including modifications and renewals prior to execution of the lease by the lessee and lessor, in a timely manner. Leases for a school year must be submitted to the department no later than July 1 before that school year. The commissioner may waive this date based on an appeal by a charter school when circumstances beyond the control of the charter school do not allow a lease agreement to be written prior to that date. The commissioner shall not approve a facility lease that does not have (1) a sum certain annual cost and (2) an escape clause that may be exercised by the charter school in the event of nonrenewal or termination of the charter school contract.

Subd. 17a. **Affiliated nonprofit building corporation.** (a) Before a charter school may organize an affiliated nonprofit building corporation (i) to renovate or purchase an existing facility to serve as a school or (ii) to expand an existing building or construct a new school facility, an authorizer must submit an affidavit to the commissioner for approval in the form and manner the commissioner prescribes, and consistent with paragraphs (b) and (c) or (d).

(b) An affiliated nonprofit building corporation under this subdivision must:

(1) be incorporated under section 317A;

(2) comply with applicable Internal Revenue Service regulations, including regulations for "supporting organizations" as defined by the Internal Revenue Service;

(3) submit to the commissioner each fiscal year a list of current board members and a copy of its annual audit; and

(4) comply with government data practices law under chapter 13.

An affiliated nonprofit building corporation must not serve as the leasing agent for property or facilities it does not own. A charter school that leases a facility from an affiliated nonprofit building corporation that does not own the leased facility is ineligible to receive charter school lease aid. The state is immune from liability resulting from a contract between a charter school and an affiliated nonprofit building corporation.

(c) A charter school may organize an affiliated nonprofit building corporation to renovate or purchase an existing facility to serve as a school if the charter school:

(1) has been operating for at least five consecutive school years;

(2) has had a net positive unreserved general fund balance as of June 30 in the preceding five fiscal years;

(3) has a long-range strategic and financial plan;

(4) completes a feasibility study of available buildings;

(5) documents enrollment projections and the need to use an affiliated building corporation to renovate or purchase an existing facility to serve as a school; and

(6) has a plan for the renovation or purchase, which describes the parameters and budget for the project.

(d) A charter school may organize an affiliated nonprofit building corporation to expand an existing school facility or construct a new school facility if the charter school:

(1) demonstrates the lack of facilities available to serve as a school;

(2) has been operating for at least eight consecutive school years;

(3) has had a net positive unreserved general fund balance as of June 30 in the preceding five fiscal years;

(4) completes a feasibility study of facility options;

(5) has a long-range strategic and financial plan that includes enrollment projections and demonstrates the need for constructing a new school facility; and

(6) has a plan for the expansion or new school facility, which describes the parameters and budget for the project.

Subd. 17b. **Positive review and comment.** ~~(c)~~ A charter school or an affiliated nonprofit building corporation organized by a charter school must not initiate an installment contract for purchase, or a lease agreement, or solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of $1,400,000, unless it meets the criteria in subdivision 17a, paragraph (b) and paragraph (c) or (d), as applicable, and receives a positive review and comment from the commissioner under section 123B.71.

Subd. 19. **Disseminate information.** (a) ~~The authorizer, the operators,~~ Authorizers and the department must disseminate information to the public on how to form and operate a charter school. Charter schools must disseminate information about how to use the offerings of a charter school. Targeted groups include low-income families and communities, students of color, and students who are at risk of academic failure.

(b) Authorizers, operators, and the department also may disseminate information about the successful best practices in teaching and learning demonstrated by charter schools.

Subd. 20. **Leave to teach in a charter school.** If a teacher employed by a district makes a written request for an extended leave of absence to teach at a charter school, the district must grant the leave. The district must grant a leave not to exceed a total of five years. Any request to extend the leave shall be granted only at the discretion of the school board. The district may require that the request for a leave or extension of leave be made before February 1 in the school year preceding the school year in which the teacher intends to leave, or February 1 of the calendar year in which the teacher's leave is scheduled to terminate. Except as otherwise provided in this subdivision and except for section 122A.46, subdivision 7, the leave is governed by section 122A.46, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the Teachers' Retirement Association account under chapters 354 and 354A, consistent with subdivision 22.

Subd. 21. **Collective bargaining.** Employees of the board of directors of a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of a charter school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school must be separate from any other units within an authorizing district, except that bargaining units may remain part of the appropriate unit within an authorizing district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the authorizing district, and the board of the authorizing district agree to include the employees in the appropriate unit of the authorizing district.

Subd. 22. **Teacher and other employee retirement.** (a) Teachers in a charter school must be public school teachers for the purposes of chapters 354 and 354A.

(b) Except for teachers under paragraph (a), employees in a charter school must be public employees for the purposes of chapter 353.

Subd. 23. **Causes for nonrenewal or termination of charter school contract.** (a) The duration of the contract with an authorizer must be for the term contained in the contract according to subdivision 6. The authorizer may or may not renew a contract at the end of the term for any ground listed in paragraph (b). An authorizer may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 business days before not renewing or terminating a contract, the authorizer shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the authorizer within 15 business days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for an informal hearing within the 15-business-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the authorizer shall give ten business days' notice to the charter school's board of directors of the hearing date. The authorizer shall conduct an informal hearing before taking final action. The authorizer shall take final action to renew or not renew a contract no later than 20 business days before the proposed date for terminating the contract or the end date of the contract.

(b) A contract may be terminated or not renewed upon any of the following grounds:

(1) failure to ~~meet~~ demonstrate satisfactory academic achievement for all groups of students, including the requirements for pupil performance contained in the contract;

(2) failure to meet generally accepted standards of fiscal management;

(3) violations of law; or

(4) other good cause shown.

If a contract is terminated or not renewed under this paragraph, the school must be dissolved according to the applicable provisions of chapter 317A.

~~(c) If the authorizer and the charter school board of directors mutually agree to terminate or not renew the contract, a change in authorizers is allowed if the commissioner approves the change to a different eligible authorizer to authorize the charter school. Both parties must jointly submit their intent in writing to the commissioner to mutually terminate the contract. The authorizer that is a party to the existing contract must inform the proposed authorizer about the fiscal and operational status and student performance of the school. Before the commissioner determines whether to approve a change in authorizer, the proposed authorizer must identify any outstanding issues in the proposed charter contract that were unresolved in the previous charter contract and have the charter school agree to resolve those issues. If no change in authorizer is approved, the school must be dissolved according to applicable law and the terms of the contract.~~

(c) If the authorizer and the charter school board of directors mutually agree not to renew the contract, a change in authorizers is allowed. The authorizer and the school board must jointly submit a written and signed letter of their intent to the commissioner to mutually not renew the contract. The authorizer that is a party to the existing contract must inform the proposed authorizer about the fiscal, operational, and student performance status of the school, as well as any outstanding contractual obligations that exist. The charter contract between the proposed authorizer and the school must identify and provide a plan to address any outstanding obligations from the previous contract. The proposed contract must be submitted at least 105 business days before the end of the existing charter contract. The commissioner shall have 30 business days to review and make a determination. The proposed authorizer and the school shall have 15 business days to respond to the determination and address any issues identified by the commissioner. A final determination by the commissioner shall be made no later than 45 business days before the end of the current charter contract. If no change in authorizer is approved, the school and the current authorizer may withdraw their letter of nonrenewal and enter into a new contract. If the transfer of authorizers is not approved and the current authorizer and the school do not withdraw their letter and enter into a new contract, the school must be dissolved according to applicable law and the terms of the contract.

(d) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing authorizer, and after providing an opportunity for a public hearing, may terminate the existing contract between the authorizer and the charter school board if the charter school has a history of:

(1) failure to meet pupil performance requirements consistent with state law;

(2) financial mismanagement or failure to meet generally accepted standards of fiscal management; or

(3) repeated or major violations of the law.

Subd. 23a. **Related party lease costs.** (a) A charter school is prohibited from entering a lease of real property with a related party unless the lessor is a nonprofit corporation under chapter 317A or a cooperative under chapter 308A, and the lease cost is reasonable under section 124D.11, subdivision 4, clause (1).

(b) For purposes of this section and section 124D.11:

(1) "related party" means an affiliate or immediate relative of the other party in question, an affiliate of an immediate relative, or an immediate relative of an affiliate;

(2) "affiliate" means a person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another person;

(3) "immediate family" means an individual whose relationship by blood, marriage, adoption, or partnering is no more remote than first cousin;

(4) "person" means an individual or entity of any kind; and

(5) "control" means the ability to affect the management, operations, or policy actions or decisions of a person, whether through ownership of voting securities, by contract, or otherwise.

(c) A lease of real property to be used for a charter school, not excluded in paragraph (a), must contain the following statement: "This lease is subject to Minnesota Statutes, section 124D.10, subdivision 23a."

(d) If a charter school enters into as lessee a lease with a related party and the charter school subsequently closes, the commissioner has the right to recover from the lessor any lease payments in excess of those that are reasonable under section 124D.11, subdivision 4, clause (1).

Subd. 24. **Pupil enrollment upon nonrenewal or termination of charter school contract.** If a contract is not renewed or is terminated according to subdivision 23, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 124D.03 at any time. Applications and notices required by section 124D.03 must be processed and provided in a prompt manner. The application and notice deadlines in section 124D.03 do not apply under these circumstances. The closed charter school must transfer the student's educational records within ten business days of closure to the student's school district of residence where the records must be retained or transferred under section 120A.22, subdivision 7.

Subd. 25. **Extent of specific legal authority.** (a) The board of directors of a charter school may sue and be sued.

(b) The board may not levy taxes or issue bonds.

(c) The commissioner, an authorizer, members of the board of an authorizer in their official capacity, and employees of an authorizer are immune from civil or criminal liability with respect to all activities related to a charter school they approve or authorize. The board of directors shall obtain at least the amount of and types of insurance up to the applicable tort liability limits under chapter 466. The charter school board must submit a copy of the insurance policy to its authorizer ~~and the commissioner~~ before starting operations. The charter school board must submit changes in its insurance carrier or policy to its authorizer ~~and the commissioner~~ within 20 business days of the change.

(d) Notwithstanding section 3.736, the charter school shall assume full liability for its activities and indemnify and hold harmless the authorizer and its officers, agents, and employees from any suit, claim, or liability arising from any operation of the charter school and the commissioner and department officers, agents, and employees. A charter school is not required to indemnify or hold harmless a state employee if the state would not be required to indemnify and hold the employee harmless under section 3.736, subdivision 9.

(e) The board may borrow money in the following manner and subject to the following limitations in anticipation of receipt of state aids for schools as defined in Minnesota Statutes or federal school aid distributed by or through the Department of Education. The aggregate borrowing under this paragraph shall not exceed the greater of (1) 50 percent or (2) the difference between 100 percent and the current year aid payment under section 127A.45, subdivision 2, paragraph (d), of the aids, fees, and tuition payments receivable by the charter school in the fiscal year in which the money is borrowed as estimated and certified by the commissioner. If the charter school proposes to

sell all or a portion of the estimated and certified aid, it must give public notice of the proposed sale on its official Web site for at least 15 business days before the proposed sale. At the time the board intends to sell all or a portion of the anticipated aid, the anticipated aid must be sold to the buyer who will agree to purchase the aid on the terms deemed most favorable to the charter school. The terms of any sale of anticipated aid are public data under chapter 13. The money received from the sale of the anticipated aid must be disbursed solely for the purpose that the aid is intended.

Subd. 27. **Collaboration between charter school and school district.** (a) A charter school board may voluntarily enter into a two-year, renewable agreement for collaboration to enhance student achievement with a school district within whose geographic boundary it operates.

(b) A school district need not be an approved authorizer to enter into a collaboration agreement with a charter school. A charter school need not be authorized by the school district with which it seeks to collaborate.

(c) A charter school authorizer is prohibited from requiring a collaboration agreement as a condition of entering into or renewing a charter contract as defined in subdivision 6.

(d) Nothing in this subdivision or in the collaboration agreement may impact in any way the authority or autonomy of the charter school.

(e) Nothing in this subdivision or in the collaboration agreement shall cause the state to pay twice for the same student, service, or facility or otherwise impact state funding, or the flow thereof, to the school district or the charter school.

(f) The collaboration agreement may include, but need not be limited to, collaboration regarding facilities, transportation, training, student achievement, assessments, mutual performance standards, and other areas of mutual agreement.

(g) The school district may include the academic performance of the students of a collaborative charter school site operating within the geographic boundaries of the school district, for purposes of student assessment and reporting to the state.

(h) Districts, authorizers, or charter schools entering into a collaborative agreement are equally and collectively subject to the same state and federal accountability measures for student achievement, school performance outcomes, and school improvement strategies. The collaborative agreement and all accountability measures must be posted on the district, charter school, and authorizer Web sites.

EFFECTIVE DATE. This section is effective the day following final enactment, except subdivision 23 is effective July 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 260A.02, subdivision 3, is amended to read:

Subd. 3. **Continuing truant.** "Continuing truant" means a child who is subject to the compulsory instruction requirements of section 120A.22 and is absent from instruction in a school, as defined in section 120A.05, without valid excuse within a single school year for:

(1) three days if the child is in elementary school; or

(2) three or more class periods on three days if the child is in middle school, junior high school, or high school.

Nothing in this section shall prevent a school district or charter school from notifying a truant child's parent or legal guardian of the child's truancy or otherwise addressing a child's attendance problems prior to the child becoming a continuing truant.

Sec. 3. Minnesota Statutes 2012, section 260A.03, is amended to read:

260A.03 NOTICE TO PARENT OR GUARDIAN WHEN CHILD IS A CONTINUING TRUANT.

Upon a child's initial classification as a continuing truant, the school attendance officer or other designated school official shall notify the child's parent or legal guardian, by first-class mail or other reasonable means, of the following:

(1) that the child is truant;

(2) that the parent or guardian should notify the school if there is a valid excuse for the child's absences;

(3) that the parent or guardian is obligated to compel the attendance of the child at school pursuant to section 120A.22 and parents or guardians who fail to meet this obligation may be subject to prosecution under section 120A.34;

(4) that this notification serves as the notification required by section 120A.34;

(5) that alternative educational programs and services may be available in the child's enrolling or resident district;

(6) that the parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the child's truancy;

(7) that if the child continues to be truant, the parent and child may be subject to juvenile court proceedings under chapter 260C;

(8) that if the child is subject to juvenile court proceedings, the child may be subject to suspension, restriction, or delay of the child's driving privilege pursuant to section 260C.201; and

(9) that it is recommended that the parent or guardian accompany the child to school and attend classes with the child for one day.

Sec. 4. Minnesota Statutes 2012, section 260A.05, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A school district or charter school may establish one or more school attendance review boards to exercise the powers and duties in this section. The school district or charter school board shall appoint the members of the school attendance review board and designate the schools within the board's jurisdiction. Members of a school attendance review board may include:

(1) the superintendent of the school district or the superintendent's designee or charter school director or the director's designee;

(2) a principal and one or more other school officials from within the district or charter school;

(3) parent representatives;

(4) representatives from community agencies that provide services for truant students and their families;

(5) a juvenile probation officer;

(6) school counselors and attendance officers; and

(7) law enforcement officers.

Sec. 5. Minnesota Statutes 2012, section 260A.07, subdivision 1, is amended to read:

Subdivision 1. **Establishment; referrals.** A county attorney may establish a truancy mediation program for the purpose of resolving truancy problems without court action. If a student is in a school district or charter school that has established a school attendance review board, the student may be referred to the county attorney under section 260A.06, subdivision 3. If the student's school district or charter school has not established a board, the student may be referred to the county attorney by the school district or charter school if the student continues to be truant after the parent or guardian has been sent or conveyed the notice under section 260A.03.

Sec. 6. **APPROPRIATIONS.**

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

$54,484,000	. . . . .	2014
$59,533,000	. . . . .	2015

The 2014 appropriation includes $6,819,000 for 2013 and $47,665,000 for 2014.

The 2015 appropriation includes $7,502,000 for 2014 and $52,031,000 for 2015.

Sec. 7. **REVISOR'S INSTRUCTION; CHARTER SCHOOLS RECODIFICATION.**

The revisor of statutes, in consultation with K-12 education staff in House Research and Senate Counsel and Research, shall prepare a recodification of Minnesota Statutes, sections 124D.10 and 124D.11, including corresponding technical corrections and other needed technical changes and shall submit the completed recodification to the chairs and ranking minority members of the legislative committees having jurisdiction over K-12 education policy and finance.

ARTICLE 5
SPECIAL EDUCATION

Section 1. Minnesota Statutes 2012, section 15.059, subdivision 5b, is amended to read:

Subd. 5b. **Continuation dependent on federal law.** Notwithstanding this section, the following councils and committees do not expire unless federal law no longer requires the existence of the council or committee:

(1) Rehabilitation Council for the Blind, created in section 248.10;

(2) Juvenile Justice Advisory Committee, created in section 299A.72;

(3) Governor's Workforce Development Council, created in section 116L.665;

(4) local workforce councils, created in section 116L.666, subdivision 2;

(5) Rehabilitation Council, created in section 268A.02, subdivision 2; ~~and~~

(6) Statewide Independent Living Council, created in section 268A.02, subdivision 2; and

(7) Interagency Coordinating Council, created in section 125A.28.

Sec. 2. Minnesota Statutes 2012, section 124D.11, subdivision 5, is amended to read:

Subd. 5. **Special education aid.** (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

~~(b) For fiscal year 2006, the charter school may charge tuition to the district of residence as follows:~~

~~(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 125A.11; or~~

~~(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, tuition shall be charged as provided in section 127A.47, subdivision 7, paragraph (d).~~

~~(c)~~ (b) For fiscal year ~~2007~~ 2015 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraph ~~(d)~~ (h).

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 3. Minnesota Statutes 2012, section 125A.0941, is amended to read:

125A.0941 DEFINITIONS.

(a) The following terms have the meanings given them.

(b) "Emergency" means a situation where immediate intervention is needed to protect a child or other individual from physical injury ~~or to prevent serious property damage~~. Emergency does not mean circumstances such as: a child who does not respond to a task or request and instead places his or her head on a desk or hides under a desk or table; a child who does not respond to a staff person's request unless failing to respond would result in physical injury to the child or other individual; or an emergency incident has already occurred and no threat of physical injury currently exists.

(c) "Physical holding" means physical intervention intended to hold a child immobile or limit a child's movement, where body contact is the only source of physical restraint, and where immobilization is used to effectively gain control of a child in order to protect ~~the~~ a child or other ~~person~~ individual from physical injury. The term physical holding does not mean physical contact that:

(1) helps a child respond or complete a task;

(2) assists a child without restricting the child's movement;

(3) is needed to administer an authorized health-related service or procedure; or

(4) is needed to physically escort a child when the child does not resist or the child's resistance is minimal.

(d) "Positive behavioral interventions and supports" means interventions and strategies to improve the school environment and teach children the skills to behave appropriately.

(e) "Prone restraint" means placing a child in a face down position.

(f) "Restrictive procedures" means the use of physical holding or seclusion in an emergency. Restrictive procedures must not be used to punish or otherwise discipline a child.

(g) "Seclusion" means confining a child alone in a room from which egress is barred. Egress may be barred by an adult locking or closing the door in the room or preventing the child from leaving the room. Removing a child from an activity to a location where the child cannot participate in or observe the activity is not seclusion.

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

Sec. 4. Minnesota Statutes 2012, section 125A.0942, is amended to read:

125A.0942 STANDARDS FOR RESTRICTIVE PROCEDURES.

Subdivision 1. **Restrictive procedures plan.** (a) Schools that intend to use restrictive procedures shall maintain and make publicly accessible in an electronic format on a school or district Web site or make a paper copy available upon request describing a restrictive procedures plan for children with disabilities that ~~includes~~ at least ~~the following~~:

(1) lists the ~~list of~~ restrictive procedures the school intends to use;

(2) describes how the school will implement a range of positive behavior strategies and provide links to mental health services;

(3) describes how the school will monitor and review the use of restrictive procedures, including:

(i) conducting post-use debriefings, consistent with subdivision 3, paragraph (a), clause (5); and

(ii) convening an oversight committee to undertake a quarterly review of the use of restrictive procedures based on patterns or problems indicated by similarities in the time of day, day of the week, duration of the use of a procedure, the individuals involved, or other factors associated with the use of restrictive procedures; the number of times a restrictive procedure is used schoolwide and for individual children; the number and types of injuries, if any, resulting from the use of restrictive procedures; whether restrictive procedures are used in nonemergency situations; the need for additional staff training; and proposed actions to minimize the use of restrictive procedures; and

~~(3)~~ (4) includes a written description and documentation of the training staff completed under subdivision 5.

(b) Schools annually must publicly identify oversight committee members who must at least include:

(1) a mental health professional, school psychologist, or school social worker;

(2) an expert in positive behavior strategies;

(3) a special education administrator; and

(4) a general education administrator.

Subd. 2. **Restrictive procedures.** (a) Restrictive procedures may be used only by a licensed special education teacher, school social worker, school psychologist, behavior analyst certified by the National Behavior Analyst Certification Board, a person with a master's degree in behavior analysis, other licensed education professional, highly qualified paraprofessional under section 120B.363, or mental health professional under section 245.4871, subdivision 27, who has completed the training program under subdivision 5.

(b) A school shall make reasonable efforts to notify the parent on the same day a restrictive procedure is used on the child, or if the school is unable to provide same-day notice, notice is sent within two days by written or electronic means or as otherwise indicated by the child's parent under paragraph (d).

(c) ~~When restrictive procedures are used twice in 30 days or when a pattern emerges and restrictive procedures are not included in a child's individualized education program or behavior intervention plan,~~ The district must hold a meeting of the individualized education program team, conduct or review a functional behavioral analysis, review data, consider developing additional or revised positive behavioral interventions and supports, consider actions to reduce the use of restrictive procedures, and modify the individualized education program or behavior intervention plan as appropriate. The district must hold the meeting: within ten calendar days after district staff use restrictive procedures on two separate school days within 30 calendar days or a pattern of use emerges and the child's individualized education program or behavior intervention plan does not provide for using restrictive procedures in an emergency; or at the request of a parent or the district after restrictive procedures are used. The district must review use of restrictive procedures at a child's annual individualized education program meeting when the child's individualized education program provides for using restrictive procedures in an emergency.

(d) If the individualized education program team under paragraph (c) determines that existing interventions and supports are ineffective in reducing the use of restrictive procedures or the district uses restrictive procedures on a child on ten or more school days during the same school year, the team, as appropriate, either must consult with other professionals working with the child; consult with experts in behavior analysis, mental health, communication, or autism; consult with culturally competent professionals; review existing evaluations, resources, and successful strategies; or consider whether to reevaluate the child.

(e) At the individualized education program meeting under paragraph (c), the team must review any known medical or psychological limitations, including any medical information the parent provides voluntarily, that contraindicate the use of a restrictive procedure, consider whether to prohibit that restrictive procedure, and document any prohibition in the individualized education program or behavior intervention plan.

~~(d)~~ (f) An individualized education program team may plan for using restrictive procedures and may include these procedures in a child's individualized education program or behavior intervention plan; however, the restrictive procedures may be used only in response to behavior that constitutes an emergency, consistent with this section. The individualized education program or behavior intervention plan shall indicate how the parent wants to be notified when a restrictive procedure is used.

Subd. 3. **Physical holding or seclusion.** (a) Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) ~~the~~ physical holding or seclusion ~~must be~~ is the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion is not used to discipline a noncompliant child;

(3) physical holding or seclusion ~~must end~~ ends when the threat of harm ends and the staff determines ~~that~~ the child can safely return to the classroom or activity;

~~(3)~~ (4) staff ~~must~~ directly ~~observe~~ observes the child while physical holding or seclusion is being used;

~~(4)~~ (5) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion ~~shall document~~ documents, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; and

(iv) a brief record of the child's behavioral and physical status;

~~(5)~~ (6) the room used for seclusion must:

(i) be at least six feet by five feet;

(ii) be well lit, well ventilated, adequately heated, and clean;

(iii) have a window that allows staff to directly observe a child in seclusion;

(iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;

(v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and

(vi) not contain objects that a child may use to injure the child or others;

~~(6)~~ (7) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room; and

~~(7)~~ (8) until August 1, ~~2013~~ 2015, a school district may use prone restraints with children age five or older ~~under the following conditions~~ if:

(i) ~~a~~ the district has provided to the department a list of staff who have had specific training on the use of prone restraints;

(ii) ~~a~~ the district provides information on the type of training that was provided and by whom;

(iii) ~~prone restraints may~~ only ~~be used by~~ staff who ~~have~~ received specific training use prone restraints;

(iv) each incident of the use of prone restraints is reported to the department within five working days on a form provided by the department; and

(v) ~~a~~ the district, ~~prior to~~ before using prone restraints, must review any known medical or psychological limitations that contraindicate the use of prone restraints.

~~The department will report back to the chairs and ranking minority members of the legislative committees with primary jurisdiction over education policy by February 1, 2013, on the use of prone restraints in the schools. Consistent with item (iv),~~ The department must collect data on districts' use of prone restraints and publish the data in a readily accessible format on the department's Web site on a quarterly basis.

(b) ~~The department must develop a statewide plan by February 1, 2013, to reduce districts' use of restrictive procedures that includes~~ By March 1, 2014, stakeholders must recommend to the commissioner specific and measurable implementation and outcome goals for reducing the use of restrictive procedures and the commissioner must submit to the legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of prone restraints. The statewide plan includes the following components: measurable goals; the resources, training, technical assistance, mental health services, and collaborative efforts needed to significantly reduce districts' use of prone restraints; and recommendations to clarify and improve the law governing districts' use of restrictive procedures. The ~~department must convene~~ commissioner must consult with interested stakeholders ~~to develop the statewide plan and identify the need for technical assistance~~ when preparing the report, including representatives of advocacy organizations, special education directors, intermediate school districts, school boards, day treatment providers, county social services, state human services department staff, mental health professionals, and autism experts. ~~To assist the department and stakeholders under this paragraph, school districts must report summary data to the department by July 1, 2012, on districts' use of restrictive procedures during the 2011-2012 school year, including data on the number of incidents involving restrictive procedures, the total number of students on which restrictive procedures were used, the number of resulting injuries, relevant demographic data on the students and school, and other relevant data collected by the district.~~ By June 30 each year, districts must report summary data on their use of restrictive procedures to the department, in a form and manner determined by the commissioner.

Subd. 4. **Prohibitions.** The following actions or procedures are prohibited:

(1) engaging in conduct prohibited under section 121A.58;

(2) requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;

(3) totally or partially restricting a child's senses as punishment;

(4) presenting an intense sound, light, or other sensory stimuli using smell, taste, substance, or spray as punishment;

(5) denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning, except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;

(6) interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under section 626.556;

(7) withholding regularly scheduled meals or water;

(8) denying access to bathroom facilities; and

(9) physical holding that restricts or impairs a child's ability to breathe, restricts or impairs a child's ability to communicate distress, places pressure or weight on a child's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen, or results in straddling a child's torso.

Subd. 5. **Training for staff.** (a) To meet the requirements of subdivision 1, staff who use restrictive procedures, including highly qualified paraprofessionals, shall complete training in the following skills and knowledge areas:

(1) positive behavioral interventions;

(2) communicative intent of behaviors;

(3) relationship building;

(4) alternatives to restrictive procedures, including techniques to identify events and environmental factors that may escalate behavior;

(5) de-escalation methods;

(6) standards for using restrictive procedures only in an emergency;

(7) obtaining emergency medical assistance;

(8) the physiological and psychological impact of physical holding and seclusion;

(9) monitoring and responding to a child's physical signs of distress when physical holding is being used; ~~and~~

(10) recognizing the symptoms of and interventions that may cause positional asphyxia when physical holding is used.~~;~~

(11) district policies and procedures for timely reporting and documenting each incident involving use of a restricted procedure; and

(12) schoolwide programs on positive behavior strategies.

(b) The commissioner, after consulting with the commissioner of human services, must develop and maintain a list of training programs that satisfy the requirements of paragraph (a). The commissioner also must develop and maintain a list of experts to help individualized education program teams reduce the use of restrictive procedures. The district shall maintain records of staff who have been trained and the organization or professional that conducted the training. The district may collaborate with children's community mental health providers to coordinate trainings.

Subd. 6. **Behavior supports.** School districts are encouraged to establish effective schoolwide systems of positive behavior interventions and supports. Nothing in this section or section 125A.0941 precludes the use of reasonable force under sections 121A.582; 609.06, subdivision 1; and 609.379.

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

Sec. 5. Minnesota Statutes 2012, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** ~~(a) For fiscal year 2006, when a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. The tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum of (1) the~~

~~actual cost of providing special instruction and services to the child including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum aid attributable to the pupil, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or request a written statement from each board, giving each board at least ten days' notice, and after the hearing or review of the written statements the commissioner must make an order fixing the tuition rate, which is binding on both school districts. General education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit.~~

~~(b)~~ (a) For fiscal year ~~2007~~ 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, ~~paragraph (c)~~ paragraphs (f) to (h), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

~~(c)~~ (b) Notwithstanding ~~paragraphs~~ paragraph (a) ~~and (b)~~ and section 127A.47, subdivision 7, paragraphs ~~(d) and (e)~~ (f) to (h), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the ~~tuition billings or~~ aid adjustments under paragraph (a) ~~or (b)~~, or section 127A.47, subdivision 7, paragraph ~~(d) or (e)~~ (f) or (g), as applicable.

~~(d)~~ (c) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs ~~(d) and (e)~~ (f) and (g), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, plus the referendum equalization aid according to section 126C.17, subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a) to ~~(c)~~ (d).

EFFECTIVE DATE. This section is effective for fiscal year 2015 and later.

Sec. 6. Minnesota Statutes 2012, section 125A.27, subdivision 8, is amended to read:

Subd. 8. **Eligibility for Part C.** "Eligibility for Part C" means eligibility for ~~early childhood special education~~ infant and toddler intervention services under section 125A.02 and Minnesota Rules.

Sec. 7. Minnesota Statutes 2012, section 125A.27, subdivision 11, is amended to read:

Subd. 11. **Interagency child find systems.** "Interagency child find systems" means activities developed on an interagency basis with the involvement of interagency early intervention committees and other relevant community groups, including primary referral sources included in Code of Federal Regulations, title 34, section 303.303(c), using rigorous standards to actively seek out, identify, and refer infants and young children, with, or at risk of, disabilities, and their families, ~~including a child~~ to reduce the need for future services. The interagency child find systems must mandate referrals for a child under the age of three who: (1) is ~~involved in~~ the subject of a substantiated case of abuse or neglect, or (2) is identified as directly affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure, to reduce the need for future services. The referral procedures must specify that a referral must occur within seven calendar days from the date of identification.

Sec. 8. Minnesota Statutes 2012, section 125A.27, subdivision 14, is amended to read:

Subd. 14. **Parent.** "Parent" means ~~the biological parent with parental rights, adoptive parent, legal guardian, or surrogate parent~~ "parent" as defined by Code of Federal Regulations, title 34, section 303.27, or a surrogate parent appointed in accordance with Code of Federal Regulations, title 34, section 303.422, or United States Code, title 20, section 1439(a)(5).

Sec. 9. Minnesota Statutes 2012, section 125A.28, is amended to read:

125A.28 STATE INTERAGENCY COORDINATING COUNCIL.

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law 108-446, section 641. The members must be appointed by the governor and reasonably represent the population of Minnesota. Council members must elect the council chair, who may not be a representative of the Department of Education. ~~The representative of the commissioner may not serve as the chair.~~ The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, foster care, mental health, homeless coordinator of education of homeless children and youth, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

On the date that Minnesota Part C Annual Performance Report is submitted to the federal Office of Special Education, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Annually, the council must prepare and submit a report to the governor and the secretary of the federal Department of Education on the status of early intervention services and programs for infants and toddlers with disabilities and their families under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part C, Public Law 102-119), as operated in Minnesota. The Minnesota Part C annual performance report may serve as the report.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council ~~expires on June 30, 2014~~ does not expire unless federal law no longer requires the existence of the council or committee.

Sec. 10. Minnesota Statutes 2012, section 125A.29, is amended to read:

125A.29 RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL BOARDS.

(a) It is the joint responsibility of county boards and school boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services for children eligible under section 125A.02 must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. The services provided must be in conformity with:

(1) an IFSP for each eligible infant and toddler from birth through age two and the infant's or toddler's family including:

(i) American Indian infants and toddlers with disabilities and their families residing on a reservation geographically located in the state;

(ii) infants and toddlers with disabilities who are homeless children and their families; and

(iii) infants and toddlers with disabilities who are wards of the state; or

(2) an individualized education program (IEP) or individual service plan (ISP) for each eligible child ages three through four.

(b) Appropriate early intervention services include ~~family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, special instruction, nursing, respite, nutrition, assistive technology, transportation and related costs, social work, vision services, case management~~ services provided in conformity with an IFSP that are designed to meet the special developmental needs of an eligible child and the needs of the child's family related to enhancing the child's development and that are selected in collaboration with the parent. These services include core early intervention services and additional early

intervention services listed in this section and infant and toddler intervention services defined under United States Code, title 20, sections 1431 to 1444, and Code of Federal Regulations, title 34, section 303, including service coordination under section 125A.33~~, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with disabilities to benefit from early intervention services~~.

(c) School and county boards shall coordinate early intervention services. In the absence of agreements established according to section 125A.39, service responsibilities for children birth through age two are as follows:

(1) school boards must provide, pay for, and facilitate payment for special education and related services required under sections 125A.03 and 125A.06;

(2) county boards must provide, pay for, and facilitate payment for noneducational services of social work, psychology, transportation and related costs, nursing, respite, and nutrition services not required under clause (1).

(d) School and county boards may develop an interagency agreement according to section 125A.39 to establish agency responsibility that assures early intervention services are coordinated, provided, paid for, and that payment is facilitated from public and private sources.

(e) County and school boards must jointly determine the primary agency in this cooperative effort and must notify the commissioner of the state lead agency of their decision.

Sec. 11. Minnesota Statutes 2012, section 125A.30, is amended to read:

125A.30 INTERAGENCY EARLY INTERVENTION COMMITTEES.

(a) A school district, group of districts, or special education cooperative, in cooperation with the health and human service agencies located in the county or counties in which the district or cooperative is located, must establish an Interagency Early Intervention Committee for children with disabilities under age five and their families under this section, and for children with disabilities ages three to 22 consistent with the requirements under sections 125A.023 and 125A.027. Committees must include representatives of local health, education, and county human service agencies, county boards, school boards, early childhood family education programs, Head Start, parents of young children with disabilities under age 12, child care resource and referral agencies, school readiness programs, current service providers, and may also include representatives from other private or public agencies and school nurses. The committee must elect a chair from among its members and must meet at least quarterly.

(b) The committee must develop and implement interagency policies and procedures concerning the following ongoing duties:

(1) develop public awareness systems designed to inform potential recipient families, especially parents with premature infants, or infants with other physical risk factors associated with learning or development complications, of available programs and services;

(2) to reduce families' need for future services, and especially parents with premature infants, or infants with other physical risk factors associated with learning or development complications, implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities, including a child under the age of three who: (i) is ~~involved in~~ the subject of a substantiated case of abuse or neglect or (ii) is identified as directly affected by illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure;

(3) establish and evaluate the identification, referral, ~~child~~ screening, evaluation, child- and family-directed assessment systems, procedural safeguard process, and community learning systems to recommend, where necessary, alterations and improvements;

(4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individualized education programs and individual service plans when necessary to appropriately serve children with disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies;

(5) implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

(6) facilitate the development of a ~~transitional~~ transition plan ~~if a service provider is not recommended to continue to provide services~~ in the individual family service plan by the time a child is two years and nine months old;

(7) identify the current services and funding being provided within the community for children with disabilities under age five and their families;

(8) develop a plan for the allocation and expenditure of ~~additional state and~~ federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part C, Public Law 108-446) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law 89-313); and

(9) develop a policy that is consistent with section 13.05, subdivision 9, and federal law to enable a member of an interagency early intervention committee to allow another member access to data classified as not public.

(c) The local committee shall also~~:~~

~~(1)~~ participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families~~; and~~.

~~(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, the section on children with special needs in the county child care fund plan, sections in Head Start plans on coordinated planning and services for children with special needs, any relevant portions of early childhood education plans, such as early childhood family education or school readiness, or other applicable coordinated school and community plans for early childhood programs and services, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities.~~

Sec. 12. Minnesota Statutes 2012, section 125A.32, is amended to read:

125A.32 INDIVIDUALIZED FAMILY SERVICE PLAN (IFSP).

(a) A team must participate in IFSP meetings to develop the IFSP. The team shall include:

(1) a parent or parents of the child, as defined in Code of Federal Regulations, title 34, section 303.27;

(2) other family members, as requested by the parent, if feasible to do so;

(3) an advocate or person outside of the family, if the parent requests that the person participate;

(4) the service coordinator who has been working with the family since the initial referral, or who has been designated by the public agency to be responsible for implementation of the IFSP and coordination with other agencies including transition services; ~~and~~

(5) a person or persons involved in conducting evaluations and assessments~~.~~; and

(6) as appropriate, persons who will be providing early intervention services under the plan to the child or family.

(b) The IFSP must include:

(1) information about the child's developmental status;

(2) family information, with the consent of the family;

(3) measurable results or major outcomes expected to be achieved by the child with the family's assistance, that include developmentally appropriate preliteracy and language skills for the child, and the criteria, procedures, and timelines;

(4) specific early intervention services based on peer-reviewed research, to the extent practicable, necessary to meet the unique needs of the child and the family to achieve the outcomes;

(5) payment arrangements, if any;

(6) medical and other services that the child needs, but that are not required under the Individual with Disabilities Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law 108-446) including funding sources to be used in paying for those services and the steps that will be taken to secure those services through public or private sources;

(7) dates and duration of early intervention services;

(8) name of the service coordinator;

(9) steps to be taken to support a child's transition from ~~early~~ infant and toddler intervention services to other appropriate services, including convening a transition conference at least 90 days or, at the discretion of all parties, not more than nine months before the child is eligible for preschool services; and

(10) ~~signature of the parent and~~ authorized signatures of the agencies responsible for providing, paying for, or facilitating payment, or any combination of these, for ~~early~~ infant and toddler intervention services.

Sec. 13. Minnesota Statutes 2012, section 125A.33, is amended to read:

125A.33 SERVICE COORDINATION.

(a) The team responsible for the initial evaluation and the child- and family-directed assessment and for developing the IFSP under section 125A.32, if appropriate, must select a service coordinator to carry out service coordination activities on an interagency basis. Service coordination must actively promote a family's capacity and competency to identify, obtain, coordinate, monitor, and evaluate resources and services to meet the family's needs. Service coordination activities include:

(1) coordinating the performance of evaluations and assessments;

(2) facilitating and participating in the development, review, and evaluation of individualized family service plans;

(3) assisting families in identifying available service providers;

(4) coordinating and monitoring the delivery of available services;

(5) informing families of the availability of advocacy services;

(6) coordinating with medical, health, and other service providers;

(7) facilitating the development of a transition plan to preschool, school, or if appropriate, to other services, at least 90 days before the time the child is no longer eligible for ~~early~~ infant and toddler intervention services or, at the discretion of all parties, not more than nine months prior to the child's ~~eligibility for preschool services~~ third birthday, if appropriate;

(8) managing the early intervention record and submitting additional information to the local primary agency at the time of periodic review and annual evaluations; and

(9) notifying a local primary agency when disputes between agencies impact service delivery required by an IFSP.

(b) A service coordinator must be knowledgeable about children and families receiving services under this section, requirements of state and federal law, and services available in the interagency early childhood intervention system. The IFSP must include the name of the services coordinator from the profession most relevant to the child's or family's needs or who is otherwise qualified to carry out all applicable responsibilities under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part C, Public Law 102-119), who will be responsible for implementing the early intervention services identified in the child's IFSP, including transition services and coordination with other agencies and persons.

Sec. 14. Minnesota Statutes 2012, section 125A.35, subdivision 1, is amended to read:

Subdivision 1. **Lead agency; allocation of resources.** The state lead agency must administer the early intervention account that consists of federal allocations. The Part C state plan must state the amount of federal resources in the early intervention account available for use by local agencies. The state lead agency must distribute the funds to the local primary agency designated by an Interagency Early Intervention Committee based on a formula that includes a December 1 count of the prior year of Part C eligible children for the following purposes:

(1) as provided in Code of Federal Regulations, title 34, part ~~303.425~~ 303.430, to arrange for payment for early intervention services not elsewhere available, or to pay for services during the pendency of a conflict procedure, including mediation, complaints, due process hearings, and interagency disputes; and

(2) to support interagency child find system activities.

Sec. 15. Minnesota Statutes 2012, section 125A.36, is amended to read:

125A.36 PAYMENT FOR SERVICES.

Core early intervention services must be provided at public expense with no cost to parents. Parents must be requested to assist in the cost of additional early intervention services by using third-party payment sources ~~and applying for available resources~~. Payment structures permitted under state law must be used to pay for additional early intervention services. Parental financial responsibility must be clearly defined in the IFSP. A parent's inability to pay must not prohibit a child from receiving needed early intervention services.

Sec. 16. Minnesota Statutes 2012, section 125A.43, is amended to read:

125A.43 MEDIATION PROCEDURE.

(a) The commissioner, or the commissioner's designee, of the state lead agency must use federal funds to provide mediation for the activities in paragraphs (b) and (c).

(b) A parent may resolve a dispute regarding issues in section 125A.42, paragraph (b), clause (5), through mediation. If the parent chooses mediation, mediation must be voluntary on the part of the parties. The parent and the public agencies must complete the mediation process within 30 calendar days of the date the ~~Office of Dispute Resolution~~ Department of Education receives a parent's written request for mediation unless the district declines mediation. The mediation process may not be used to delay a parent's right to a due process hearing. The ~~resolution of the~~ written, signed mediation agreement is ~~not~~ binding on ~~any party~~ both parties and is enforceable in any state court of competent jurisdiction or in a district court of the United States.

(c) Resolution of a dispute through mediation, or other form of alternative dispute resolution, is not limited to formal disputes arising from the objection of a parent or guardian and is not limited to the period following a request for a due process hearing.

(d) The commissioner shall provide training and resources to school districts to facilitate early identification of disputes and access to mediation.

(e) The local primary agency may request mediation on behalf of involved agencies when there are disputes between agencies regarding responsibilities to coordinate, provide, pay for, or facilitate payment for early intervention services.

Sec. 17. Minnesota Statutes 2012, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 125A.79, the definitions in this subdivision apply.

~~(a) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.~~

~~(b) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individualized education programs. Essential personnel does not include administrators and supervisors.~~

~~(c) "Average daily membership" has the meaning given it in section 126C.05.~~

~~(d)~~ (b) "Program growth factor" means 1.046 for fiscal year 2012 through 2015, 1.0 for fiscal year 2016, and the product of 1.025 and the program growth factor for the previous year for 2017 and later.

(c) "Nonfederal special education expenditure" means all direct expenditures that are necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability according to sections 124D.454, 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by the department under section 125A.75, subdivision 4, excluding expenditures:

(1) reimbursed with federal funds;

(2) reimbursed with other state aids under this chapter;

(3) for general education costs of serving students with a disability;

(4) for facilities;

(5) for pupil transportation; and

(6) for postemployment benefits.

(d) "Old formula special education expenditures" means expenditures eligible for revenue under Minnesota Statutes 2012, section 125A.76, subdivision 2.

For the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind, expenditures are limited to the salary and fringe benefits of one-to-one instructional and behavior management aides assigned to a child attending the academy, if the aides are required by the child's individualized education program.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 18. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision to read:

Subd. 2a. **Special education initial aid.** For fiscal year 2016 and later, a district's special education initial aid equals the sum of:

(1) the lesser of 56 percent of the district's old formula special education expenditures for the prior fiscal year, 48 percent of the district's nonfederal special education expenditures for the prior year, or 50 percent of the product of the sum of the following amounts, computed using prior fiscal year data, and the program growth factor:

(i) the product of the district's average daily membership served and the sum of:

(A) $438; plus

(B) $360 times the ratio of the sum of the number of pupils enrolled on October 1 who are eligible to receive free lunch plus one-half of the pupils enrolled on October 1 who are eligible to receive reduced-price lunch to the total October 1 enrollment; plus

(C) .007 times the district's average daily membership served; plus

(ii) $10,400 times the December 1 child count for the primary disability areas of autism spectrum disorders, developmental delay, and severely multiply impaired; plus

(iii) $18,000 times the December 1 child count for the primary disability areas of deaf and hard-of-hearing and emotional or behavioral disorders; plus

(iv) $27,000 times the December 1 child count for the primary disability areas of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, and deafblind; plus

(2) the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4).

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 19. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision to read:

Subd. 2b. **Special education aid.** (a) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(b) Notwithstanding paragraph (a), the special education aid for a school district, not including a charter school, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 20. Minnesota Statutes 2012, section 125A.76, is amended by adding a subdivision to read:

Subd. 2c. **Statewide average expenditure.** By January 15 of each year, the department must calculate the statewide average special education expenditure per December 1 child count for the prior fiscal year by primary disability area and provide that information to all districts. By January 15 of each odd-numbered year, the commissioner must identify options for aligning the assignment of disability areas to the categories and the rates for each category in subdivision 2a, clause (1), with the latest expenditure data and submit these options to the legislative committees with jurisdiction over education finance.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 21. Minnesota Statutes 2012, section 125A.76, subdivision 4a, is amended to read:

Subd. 4a. **Adjustments for tuition reciprocity with adjoining states.** (a) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from the state of Minnesota to the adjoining state, the tuition payment shall be made from the special education aid appropriation for that year~~, and the state total special education aid under subdivision 4 shall be reduced by the amount of the payment~~.

~~(b) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires a special education tuition payment from an adjoining state to the state of Minnesota, the special education aid appropriation for that year and the state total special education aid under subdivision 4 shall be increased by the amount of the payment.~~

~~(c)~~ (b) If an agreement is reached between the state of Minnesota and an adjoining state pursuant to section 124D.041 that requires special education tuition payments to be made between the two states and not between districts in the two states, the special education aid for a Minnesota school district serving a student with a disability from the adjoining state shall be calculated according to section 127A.47, subdivision 7, except that no reduction shall be made in the special education aid paid to the resident district.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 22. Minnesota Statutes 2012, section 125A.76, subdivision 8, is amended to read:

Subd. 8. **Special education forecast maintenance of effort.** (a) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, the state's expenditures for special education and related services for children with disabilities from nonfederal sources for a fiscal year, including special education aid under ~~section~~

~~125A.76; special education excess cost aid under section 125A.76, subdivision 7~~ subdivision 2b; travel for home-based services under section 125A.75, subdivision 1; aid for students with disabilities under section 125A.75, subdivision 3; court-placed special education under section 125A.79, subdivision 4; out-of-state tuition under section 125A.79, subdivision 8; and direct expenditures by state agencies are projected to be less than the amount required to meet federal special education maintenance of effort, the reimbursement percentages for excess cost aid under section 125A.79, subdivision 5, must be increased as required to ensure that the additional amount required to meet federal special education maintenance of effort is added to the state total special education aid in ~~section 125A.76,~~ subdivision ~~4~~ 2b.

(b) If, on the basis of a forecast of general fund revenues and expenditures under section 16A.103, expenditures in the programs in paragraph (a) are projected to be greater than previously forecast for an enacted budget, and an addition to state total special education aid has been made under paragraph (a), the state total special education aid must be reduced by the lesser of the amount of the expenditure increase or the amount previously added to state total special education aid in ~~section 125A.76,~~ subdivision ~~4~~ 2b.

(c) For the purpose of this section, "previously forecast for an enacted budget" means the allocation of funding for these programs in the most recent forecast of general fund revenues and expenditures or the act appropriating money for these programs, whichever occurred most recently. It does not include planning estimates for a future biennium.

(d) If the amount of special education aid is adjusted in accordance with this subdivision, the commissioner of education shall notify the chairs of the legislative committees having jurisdiction over kindergarten through grade 12 education regarding the amount of the adjustment and provide an explanation of the federal maintenance of effort requirements.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 23. Minnesota Statutes 2012, section 125A.78, subdivision 2, is amended to read:

Subd. 2. **Initial aid adjustment.** For the fiscal year after approval of a district's application, and thereafter, the special education ~~initial~~ aid under section 125A.76~~, subdivision 1,~~ must be computed based on activities defined as reimbursable under Department of Education rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 24. Minnesota Statutes 2012, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education ~~cost~~ expenditures" means ~~the sum of the following~~:

(1) old formula special education expenditures for ~~teachers' salaries, contracted services, supplies, equipment, and transportation services eligible for revenue under section 125A.76~~ for the prior fiscal year; ~~plus~~ minus

(2) ~~expenditures for tuition bills received under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus~~

~~(3) revenue for teachers' salaries, contracted services, supplies, equipment, and transportation services~~ special education initial aid under section 125A.76~~; minus~~, subdivision 2a; minus

(3) the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

~~(4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services eligible for revenue under section 125A.76, subdivision 2.~~

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding alternative teacher compensation revenue, minus transportation sparsity revenue minus total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, excluding alternative teacher compensation revenue, minus referendum equalization aid minus transportation sparsity revenue minus operating capital revenue.

~~(c) "Average daily membership" has the meaning given it in section 126C.05.~~

~~(d) "Program growth factor" means 1.02 for fiscal year 2012 and later.~~

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 25. Minnesota Statutes 2012, section 125A.79, subdivision 5, is amended to read:

Subd. 5. **Initial excess cost aid.** For fiscal years ~~2008~~ 2016 and later, a district's initial excess cost aid equals the greater of:

(1) ~~75~~ 50 percent of the difference between (i) the district's unreimbursed nonfederal special education ~~cost~~ expenditures and (ii) ~~4.36~~ 6.0 percent of the district's general revenue; ~~or~~

(2) 60 percent of the difference between (i) the district's unreimbursed old formula special education expenditures and (ii) 3.0 percent of the district's general revenue; or

~~(2)~~ (3) zero.

EFFECTIVE DATE. This section is effective for fiscal year 2016 and later.

Sec. 26. **SPECIAL EDUCATION CASE LOADS TASK FORCE.**

Subdivision 1. **Members.** The commissioner shall establish and appoint a special education case loads task force consisting of at least ten members who will provide equal representation from school districts, including special education teachers, and advocacy organizations, including parents of children with disabilities.

Subd. 2. **Duties.** The special education case loads task force shall develop recommendations for the appropriate numbers of students with disabilities that may be assigned to a teacher both with and without paraprofessional support in the classroom and for cost-effective and efficient strategies and structures for improving student outcomes.

Subd. 3. **Report.** The task force must submit a report by February 15, 2014, to the education policy and finance committees of the legislature recommending appropriate case loads for teachers of school-age children in all federal settings, including educational service alternatives, and for early childhood special education and program alternatives.

Subd. 4. **Expiration.** The task force expires February 16, 2014.

Sec. 27. **RULEMAKING AUTHORITY.**

The commissioner of education shall use the expedited rulemaking process in Minnesota Statutes, section 14.389, to amend Minnesota Rules related to providing special education under Part C of the Individuals with Disabilities Education Act. The commissioner shall amend the rules to conform to new federal regulations in Code of Federal Regulations, title 34, part 303, including definitions of and procedures for evaluation and assessment, including assessment of the child and family, initial evaluation and assessment, the use of native language, the use of informed clinical opinion as an independent basis to establish eligibility, and transition of a toddler from Part C consistent with Code of Federal Regulations, title 34, sections 303.24, 303.25, and 303.321, only to the extent necessary to avoid loss of federal funds. The authority to use the expedited process to amend rules specified in this section expires July 1, 2014. Rule amendments adopted under the expedited process before that date remain in effect unless further amended under the rulemaking procedures in Minnesota Statutes, chapter 14.

Sec. 28. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$910,153,000	. . . . .	2014
$959,018,000	. . . . .	2015

The 2014 appropriation includes $118,232,000 for 2013 and $791,921,000 for 2014.

The 2015 appropriation includes $124,654,000 for 2014 and $834,364,000 for 2015.

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$1,655,000	. . . . .	2014
$1,752,000	. . . . .	2015

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

$345,000	. . . . .	2014
$355,000	. . . . .	2015

The 2014 appropriation includes $45,000 for 2013 and $300,000 for 2014.

The 2015 appropriation includes $47,000 for 2014 and $308,000 for 2015.

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

$118,639,000	. . . . .	2014
$121,919,000	. . . . .	2015

The 2014 appropriation includes $42,030,000 for 2013 and $76,609,000 for 2014.

The 2015 appropriation includes $43,211,000 for 2014 and $78,708,000 for 2015.

Subd. 6. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

$54,000	. . . . .	2014
$55,000	. . . . .	2015

Subd. 7. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

$250,000	. . . . .	2014
$250,000	. . . . .	2015

Sec. 29. **REPEALER.**

Minnesota Statutes 2012, sections 124D.454, subdivisions 3, 10, and 11; 125A.35, subdivisions 4 and 5; 125A.76, subdivisions 2, 4, 5, and 7; and 125A.79, subdivisions 6 and 7, are repealed for fiscal year 2016 and later.

ARTICLE 6
FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2012, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~$21,727,000 in fiscal year 2014 and $24,201,000 in fiscal year 2015 and later are~~ The amount necessary to make debt service equalization aid payments under section 123B.53 is annually appropriated from the general fund to the commissioner of education ~~for payment of debt service equalization aid under section 123B.53~~.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 2. Minnesota Statutes 2012, section 128D.11, subdivision 3, is amended to read:

Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed $7,500,000, and for calendar ~~years~~ year 2004 ~~to 2016~~ and later, an amount not to exceed $15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Laws 2007, chapter 146, article 4, section 12, is amended to read:

Sec. 12. **BONDING AUTHORIZATION.**

To provide funds for the acquisition or betterment of school facilities, Independent School District No. 625, St. Paul, may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series ~~for calendar years 2008 through 2016~~, as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year must not exceed $15,000,000. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 123B, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of Minnesota Statutes, chapter 123B, or any other law other than Minnesota Statutes, section 475.53, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. **CYRUS AND MORRIS SCHOOL DISTRICT CONSOLIDATION.**

Subdivision 1. **Purpose.** The legislature finds that an orderly, voluntary consolidation of Independent School Districts Nos. 611, Cyrus, and 769, Morris, promotes the well-being of the students and increases educational efficiency in those school districts.

Subd. 2. **Remediation costs.** Independent School District No. 611, Cyrus, may identify all health and safety remediation costs related to the demolition of the Cyrus school building and submit those amounts to the commissioner of education for approval. Any approved costs may be included either in the district's health and safety plan or in the bonding authority authorized under subdivision 3.

Subd. 3. **Facility bonds.** Independent School District No. 611, Cyrus, may issue general obligation bonds without an election under Minnesota Statutes, chapter 475, in an amount approved by the commissioner of education for the costs associated with demolishing the Cyrus school building. The bonds must be repaid within ten years of issuance.

Subd. 4. **Reorganization operating debt determined.** Independent School District No. 611, Cyrus, must estimate its reorganization operating debt according to Minnesota Statutes, section 123B.82, and submit that amount to the commissioner of education for approval.

Subd. 5. **Reorganization operating debt bonds.** Independent School District No. 611, Cyrus, may issue general obligation bonds without an election under Minnesota Statutes, chapter 475, in an amount not to exceed the reorganization operating debt approved by the commissioner of education under subdivision 2. The bonds must be repaid within six years of issuance.

Subd. 6. **Repayment.** The bonded debt issued under this section remains payable by the taxable property located within the boundaries of former Independent School District No. 611, Cyrus.

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

Sec. 5. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

$463,000	. . . . .	2014
$434,000	. . . . .	2015

The 2014 appropriation includes $26,000 for 2013 and $437,000 for 2014.

The 2015 appropriation includes $68,000 for 2014 and $366,000 for 2015.

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

$19,083,000	. . . . .	2014
$25,046,000	. . . . .	2015

The 2014 appropriation includes $2,397,000 for 2013 and $16,686,000 for 2014.

The 2015 appropriation includes $2,626,000 for 2014 and $22,420,000 for 2015.

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

$19,287,000	. . . . .	2014
$19,287,000	. . . . .	2015

The 2014 appropriation includes $2,623,000 for 2013 and $16,664,000 for 2014.

The 2015 appropriation includes $2,623,000 for 2014 and $16,664,000 for 2015.

Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

$3,750,000	. . . . .	2014
$3,750,000	. . . . .	2015

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2014 and 2015 shall be prorated.

Any balance in the first year does not cancel but is available in the second year.

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

$3,564,000	. . . . .	2014
$3,731,000	. . . . .	2015

The 2014 appropriation includes $456,000 for 2013 and $3,108,000 for 2014.

The 2015 appropriation includes $489,000 for 2014 and $3,242,000 for 2015.

ARTICLE 7
NUTRITION; LIBRARIES; ACCOUNTING

Section 1. Minnesota Statutes 2012, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. **School lunch aid computation.** Each school year, the state must pay participants in the national school lunch program the amount of ~~12~~ 13 cents for each full paid, ~~reduced~~ reduced-price, and free student lunch served to students.

EFFECTIVE DATE. This section is effective July 1, 2013, for aid payments for fiscal year 2014 and later.

Sec. 2. Minnesota Statutes 2012, section 124D.119, is amended to read:

124D.119 SUMMER FOOD SERVICE REPLACEMENT AID.

~~States~~ State funds are available to compensate department-approved summer food program sponsors ~~for reduced federal operating reimbursement rates under Public Law 104-193, the federal summer food service program. A sponsor is eligible for summer food service replacement aid equal to the sum of the following amounts:~~ . Reimbursement shall be made on December 15 based on total meals served by each sponsor from the end of the school year to the beginning of the next school year on a pro rata basis.

~~(1) for breakfast service, up to four cents per breakfast served by the sponsor during the current program year;~~

~~(2) for lunch or supper service, up to 14 cents per lunch or supper served by the sponsor during the current program year; and~~

~~(3) for supplement service, up to ten cents per supplement served by the sponsor during the current program year.~~

Sec. 3. Minnesota Statutes 2012, section 134.32, is amended to read:

134.32 GRANT AUTHORIZATION; TYPES OF GRANTS AND AID.

Subdivision 1. **Provision of grants.** The department shall provide the grants and aid specified in this section from any available state, federal, or other funds.

Subd. 3. **Regional library basic system support ~~grants~~ aid.** It shall provide regional library basic system support ~~grants~~ aid to regional public library systems which meet the requirements of section 134.34, to assist those systems in providing basic system services.

Subd. 4. **Special project grants.** It may provide special project grants to assist innovative and experimental library programs including, but not limited to, special services for American Indians and the Spanish-speaking, delivery of library materials to homebound persons, other extensions of library services to persons without access to libraries and projects to strengthen and improve library services.

Subd. 5. **Interlibrary exchange grants.** It may provide grants for interlibrary exchange of books, periodicals, resource material, reference information and the expenses incident to the sharing of library resources and materials, including planning, development and operating grants to multicounty, multitype library systems.

Subd. 6. **Library service grants.** It may provide grants for the improvement of library services at welfare and corrections institutions and for library service for the blind and physically disabled.

Subd. 7. **Construction or remodeling grants.** It may provide grants for construction or remodeling of library facilities from any state and federal funds specifically appropriated for this purpose.

Subd. 8. **Rulemaking.** (a) The commissioner shall promulgate rules consistent with sections 134.32 to 134.355 governing:

(1) applications for these grants and aid;

(2) computation formulas for determining the amounts of establishment grants and regional library basic system support ~~grants~~ aid; and

(3) eligibility criteria for grants and aid.

(b) To the extent allowed under federal law, a construction grant applicant, in addition to the points received under Minnesota Rules, part 3530.2632, shall receive an additional five points if the construction grant is for a project combining public library services and school district library services at a single location.

Sec. 4. Minnesota Statutes 2012, section 134.34, is amended to read:

134.34 REGIONAL LIBRARY BASIC SYSTEM SUPPORT ~~GRANTS~~ AID; REQUIREMENTS.

Subdivision 1. **Local support levels.** (a) ~~A~~ Regional library basic system support ~~grant~~ aid shall be ~~made~~ provided to any regional public library system where there are at least three participating counties and where each participating city and county is providing for public library service support the lesser of (a) an amount equivalent to .82 percent of the average of the adjusted net tax capacity of the taxable property of that city or county, as determined by the commissioner of revenue for the second, third, and fourth year preceding that calendar year or (b) a per capita amount calculated under the provisions of this subdivision. The per capita amount is established for calendar year 1993 as $7.62. In succeeding calendar years, the per capita amount shall be increased by a percentage equal to one-half of the percentage by which the total state adjusted net tax capacity of property as determined by the commissioner of revenue for the second year preceding that calendar year increases over that total adjusted net tax capacity for the third year preceding that calendar year.

(b) The minimum level of support specified under this subdivision or subdivision 4 shall be certified annually to the participating cities and counties by the Department of Education. If a city or county chooses to reduce its local support in accordance with subdivision 4, paragraph (b) or (c), it shall notify its regional public library system. The regional public library system shall notify the Department of Education that a revised certification is required. The revised minimum level of support shall be certified to the city or county by the Department of Education.

(c) A city which is a part of a regional public library system shall not be required to provide this level of support if the property of that city is already taxable by the county for the support of that regional public library system. In no event shall the Department of Education require any city or county to provide a higher level of support than the level of support specified in this section in order for a system to qualify for ~~a~~ regional library basic system support ~~grant~~ aid. This section shall not be construed to prohibit a city or county from providing a higher level of support for public libraries than the level of support specified in this section.

Subd. 3. **Regional designation.** Regional library basic system support ~~grants~~ aid shall be ~~made~~ provided only to those regional public library systems officially designated by the commissioner of education as the appropriate agency to strengthen, improve and promote public library services in the participating areas. The commissioner of education shall designate no more than one such regional public library system located entirely within any single development region existing under sections 462.381 to 462.398 or chapter 473.

Subd. 4. **Limitation.** (a) For calendar year 2010 and later, ~~a~~ regional library basic system support ~~grant~~ aid shall not be ~~made~~ provided to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second, or third preceding year, whichever is less. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

(b) For calendar year 2009 and later, in any calendar year in which a city's or county's aid under sections 477A.011 to 477A.014 or credit reimbursement under section 273.1384 is reduced after the city or county has certified its levy payable in that year, it may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of the aid and credit reimbursement reductions to the city's or county's revenue base, based on aids certified for the current calendar year. For calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and credit reimbursement reductions under the December 2008 unallotment, as well as any aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the commissioner of revenue will calculate the reductions under this paragraph and certify them to the commissioner of education within 15 days of May 17, 2009.

(c) For taxes payable in 2010 and later, in any payable year in which the total amounts certified for city or county aids under sections 477A.011 to 477A.014 are less than the total amounts paid under those sections in the previous calendar year, a city or county may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of:

(i) the difference between (A) the sum of the aid it was paid under sections 477A.011 to 477A.014 and the credit reimbursement it received under section 273.1384 in the previous calendar year and (B) the sum of the aid it is certified to be paid in the current calendar year under sections 477A.011 to 477A.014 and the credit reimbursement estimated to be paid under section 273.1384; to

(ii) its revenue base for the previous year, based on aids actually paid in the previous calendar year. The commissioner of revenue shall calculate the percent aid cut for each county and city under this paragraph and certify the percentage cuts to the commissioner of education by August 1 of the year prior to the year in which the reduced aids and credit reimbursements are to be paid. The percentage of reduction related to reductions to credit reimbursements under section 273.1384 shall be based on the best estimation available as of July 30.

(d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its support for public libraries below the minimum level specified in subdivision 1.

(e) For purposes of this subdivision, "revenue base" means the sum of:

(1) its levy for taxes payable in the current calendar year, including the levy on the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a), or 473F.08, subdivision 3, paragraph (a);

(2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

(3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

Subd. 7. **Proposed budget.** In addition to the annual report required in section 134.13, a regional public system that receives ~~a~~ basic system support ~~grant~~ aid under this section must provide each participating county and city with its proposed budget for the next year.

Sec. 5. Minnesota Statutes 2012, section 134.351, subdivision 3, is amended to read:

Subd. 3. **Agreement.** In order for a multicounty, multitype library system to qualify for ~~a~~ planning, development or operating ~~grant~~ aid pursuant to sections 134.353 and 134.354, each participating library in the system shall adopt an organizational agreement providing for the following:

(a) Sharing of resources among all participating libraries;

(b) Long-range planning for cooperative programs;

(c) The development of a delivery system for services and programs;

(d) The development of a bibliographic database; and

(e) A communications system among all cooperating libraries.

Sec. 6. Minnesota Statutes 2012, section 134.351, subdivision 7, is amended to read:

Subd. 7. **Reports.** Each multicounty, multitype system receiving ~~a grant~~ aid pursuant to section 134.353 or 134.354 shall provide an annual progress report to the Department of Education.

Sec. 7. Minnesota Statutes 2012, section 134.353, is amended to read:

134.353 MULTICOUNTY, MULTITYPE LIBRARY SYSTEM DEVELOPMENT ~~GRANT~~ AID.

The commissioner of education may provide development ~~grants~~ aid to multicounty, multitype library systems. In awarding ~~a~~ development ~~grant~~ aid, the commissioner shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions.

Sec. 8. Minnesota Statutes 2012, section 134.354, is amended to read:

134.354 MULTICOUNTY, MULTITYPE LIBRARY SYSTEM OPERATING ~~GRANT~~ AID.

The commissioner of education may provide operating ~~grants~~ aid to multicounty, multitype library systems. In awarding ~~an~~ operating ~~grant~~ aid, the commissioner shall consider the extra costs incurred in systems located in sparsely populated and large geographic areas.

Sec. 9. Minnesota Statutes 2012, section 134.355, subdivision 1, is amended to read:

Subdivision 1. **Appropriations.** Basic system support ~~grants~~ aid and regional library telecommunications aid provide the appropriations for the basic regional library system.

Sec. 10. Minnesota Statutes 2012, section 134.355, subdivision 2, is amended to read:

Subd. 2. **Grant application.** Any regional public library system which qualifies according to the provisions of section 134.34 may apply for ~~an annual grant~~ aid for regional library basic system support. Regional public library districts under section 134.201 may not compensate board members using ~~grant~~ aid funds. The amount of ~~each grant~~ aid for each fiscal year shall be calculated as provided in this section.

Sec. 11. Minnesota Statutes 2012, section 134.355, subdivision 3, is amended to read:

Subd. 3. **Per capita distribution.** Fifty-seven and one-half percent of the available ~~grant~~ aid funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Sec. 12. Minnesota Statutes 2012, section 134.355, subdivision 4, is amended to read:

Subd. 4. **Per square mile distribution.** Twelve and one-half percent of the available ~~grant~~ aid funds shall be distributed to provide all qualifying systems an equal amount per square mile. Each system's allocation pursuant to this subdivision shall be based on the area it serves.

Sec. 13. Minnesota Statutes 2012, section 134.355, subdivision 5, is amended to read:

Subd. 5. **Base ~~grant~~ aid distribution.** Five percent of the available ~~grant~~ aid funds shall be paid to each system as ~~a~~ base ~~grant~~ aid for basic system services.

Sec. 14. Minnesota Statutes 2012, section 134.355, subdivision 6, is amended to read:

Subd. 6. **Adjusted net tax capacity per capita distribution.** Twenty-five percent of the available ~~grant~~ aid funds shall be distributed to regional public library systems based upon the adjusted net tax capacity per capita for each member county or participating portion of a county as calculated for the second year preceding the fiscal year for which ~~the grant~~ aid is ~~made~~ provided. Each system's entitlement shall be calculated as follows:

(a) Multiply the adjusted net tax capacity per capita for each county or participating portion of a county by .0082.

(b) Add sufficient ~~grant~~ aid funds that are available under this subdivision to raise the amount of the county or participating portion of a county with the lowest value calculated according to paragraph (a) to the amount of the county or participating portion of a county with the next highest value calculated according to paragraph (a). Multiply the amount of the additional ~~grant~~ aid funds by the population of the county or participating portion of a county.

(c) Continue the process described in paragraph (b) by adding sufficient ~~grant~~ aid funds that are available under this subdivision to the amount of a county or participating portion of a county with the next highest value calculated in paragraph (a) to raise it and the amount of counties and participating portions of counties with lower values calculated in paragraph (a) up to the amount of the county or participating portion of a county with the next highest value, until reaching an amount where funds available under this subdivision are no longer sufficient to raise the amount of a county or participating portion of a county and the amount of counties and participating portions of counties with lower values up to the amount of the next highest county or participating portion of a county.

(d) If the point is reached using the process in paragraphs (b) and (c) at which the remaining ~~grant~~ aid funds under this subdivision are not adequate for raising the amount of a county or participating portion of a county and all counties and participating portions of counties with amounts of lower value to the amount of the county or participating portion of a county with the next highest value, those funds are to be divided on a per capita basis for all counties or participating portions of counties that received ~~grant~~ aid funds under the calculation in paragraphs (b) and (c).

Sec. 15. Minnesota Statutes 2012, section 134.36, is amended to read:

134.36 RULES.

The commissioner of education shall promulgate rules as necessary for implementation of library grant and aid programs.

Sec. 16. **FUND TRANSFER; FISCAL YEARS 2014 AND 2015 ONLY.**

(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal years 2014 and 2015 only, the commissioner must approve a request for a fund transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund, the food service fund, or the reserved account for staff development under section 122A.61.

(b) A school board may approve a fund transfer under paragraph (a) only after adopting a resolution stating the fund transfer will not diminish instructional opportunities for students.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 17. **SCHOOL PAYMENT SHIFTS.**

For fiscal years 2014 and later, any increase in an aid entitlement for an aid program subject to the aid payment shift must have a current year aid payment percent of 90. For taxes payable in 2014 and later, no appropriations gains from a property tax early recognition shift may be recognized on any change in school district levies.

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

Sec. 18. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

$13,513,000	. . . . .	2014
$13,763,000	. . . . .	2015

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

$5,711,000	. . . . .	2014
$6,022,000	. . . . .	2015

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

$1,039,000	. . . . .	2014
$1,049,000	. . . . .	2015

Subd. 5. **Summer food service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

$150,000	. . . . .	2014
$150,000	. . . . .	2015

Subd. 6. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

$13,570,000	. . . . .	2014
$13,570,000	. . . . .	2015

The 2014 appropriation includes $1,845,000 for 2013 and $11,725,000 for 2014.

The 2015 appropriation includes $1,845,000 for 2014 and $11,725,000 for 2015.

Subd. 7. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$1,300,000	. . . . .	2014
$1,300,000	. . . . .	2015

The 2014 appropriation includes $176,000 for 2013 and $1,124,000 for 2014.

The 2015 appropriation includes $176,000 for 2014 and $1,124,000 for 2015.

Subd. 8. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

$900,000	. . . . .	2014
$900,000	. . . . .	2015

Any balance in the first year does not cancel but is available in the second year.

Subd. 9. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

$2,300,000	. . . . .	2014
$2,300,000	. . . . .	2015

The 2014 appropriation includes $312,000 for 2013 and $1,988,000 for 2014.

The 2015 appropriation includes $312,000 for 2014 and $1,988,000 for 2015.

Sec. 19. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes and Minnesota Rules, the revisor of statutes shall substitute the term "Division of State Library Services" for "Library Development and Services," "Office of Library Development and Services," or "LDS" where "LDS" stands for "Library Development and Services." The revisor shall also make grammatical changes related to the changes in terms.

ARTICLE 8
EARLY CHILDHOOD; SELF-SUFFICIENCY; LIFELONG LEARNING

Section 1. Minnesota Statutes 2012, section 13.319, is amended by adding a subdivision to read:

Subd. 9. **Early learning scholarships.** Section 124D.143 governs data under the early learning scholarship program.

Sec. 2. **[16F.01] MINNESOTA YOUTH COUNCIL COMMITTEE.**

Subdivision 1. **Establishment and membership.** The Minnesota Youth Council Committee is established within and under the auspices of the Minnesota Alliance With Youth. The committee consists of four members from each congressional district in Minnesota and four members selected at-large. Members must be selected through an application and interview process conducted by the Minnesota Alliance With Youth. In making its appointments, the Minnesota Alliance With Youth should strive to ensure gender and ethnic diversity in the committee's membership. Members must be between the ages of 13 and 19 and serve two-year terms, except that one-half of the initial members must serve a one-year term. Members may serve a maximum of two terms.

Subd. 2. **Duties.** The Minnesota Youth Council Committee shall:

(1) provide advice and recommendations to the legislature and the governor on issues affecting youth;

(2) serve as a liaison for youth around the state to the legislature and the governor; and

(3) submit an annual report of the council's activities and goals.

Subd. 3. **Partnerships.** The Minnesota Youth Council Committee shall partner with nonprofits, the private sector, and educational resources to fulfill its duties.

Subd. 4. **Youth Council Committee in the legislature.** (a) The Minnesota Youth Council Committee shall meet at least twice each year during the regular session of the legislature.

(b) The committee may:

(1) select introduced bills in the house of representatives and senate for consideration for a public hearing before the committee;

(2) propose youth legislation;

(3) provide advisory opinions to the legislature on bills heard before the committee; and

(4) prepare a youth omnibus bill.

(c) The leaders of the majority and minority parties of the house of representatives and senate shall each appoint one legislator to serve as a legislative liaison to the committee. Leadership of the house of representatives and senate, on rotating years, may appoint a staff member to staff the committee.

Sec. 3. **[124D.143] EARLY LEARNING SCHOLARSHIPS.**

Subdivision 1. **Early learning scholarships established.** The Office of Early Learning must oversee the early learning scholarship program in consultation with the Minnesota Departments of Education, Human Services, and Health.

Subd. 2. **Duties.** The Office of Early Learning shall administer the early learning scholarship program, establish participation standards for children and their families, develop criteria for qualifying providers based on section 124D.142, and contract for administrative services as necessary with a resource and referral organization under section 119B.19, or other nonprofit or public entity.

Subd. 3. **Definitions.** (a) The terms defined in the subdivision apply to this section.

(b) "Director" means the director of the Office of Early Learning.

(c) "Eligible program" means a Head Start program under section 119A.50, school readiness program under section 124D.15, or other school district child-based program designed to provide early education services to children not yet in kindergarten, licensed center-based child care program under chapter 245A, or licensed family child care program under chapter 245A or other program providing early learning opportunities.

(d) "Income" has the meaning given in section 119B.011, subdivision 15.

(e) "Parent" means the parent or legal guardian of a child.

(f) "Prospective program" means an eligible program that makes a commitment to enhance its quality of education and care and demonstrates to the director's satisfaction that the program is pursuing a program rating. For fiscal year 2016 and later, a prospective program must cite a hardship or demonstrate a special circumstance as to why the program is not yet ready to enter the rating process before the director may grant it eligibility.

(g) "Rated program" means an eligible program that receives one, two, three, or four stars under the quality rating and improvement system established in section 124D.142.

Subd. 4. **Participant eligibility.** The parent of a child who will be at least three years of age as of September 1 of the year of application is eligible to apply for an early learning scholarship if the family's income is at or below 185 percent of the federal poverty level. The director of the Office of Early Learning may specify the form and manner of the application for a scholarship. The director may establish a method to determine family income but a parent meets this requirement by documenting their child's identification through another public funding eligibility process, including the free and reduced-price lunch program, National School Lunch Act, United States Code, title 42, section 1751, part 210; Head Start under federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; the Federal Supplemental Nutrition Assistance Program; and child care assistance programs under chapter 119B and no further information to verify income is required. Notwithstanding the other provisions of this section, a parent under age 21 who is pursuing a high school or general education equivalency diploma is eligible for an early learning scholarship if the parent has a child age zero to five years old and meets the income eligibility guidelines in this subdivision.

Subd. 5. **Scholarship amount.** The director annually shall determine the maximum scholarship amounts based on the results of the rate survey conducted under section 119B.13, subdivision 1, paragraph (b), and may establish a range of scholarship amounts taking into account the child's level of need and geographic location. The director shall establish a scholarship amount schedule according to the eligible program's rating and prospective programs under subdivision 3, paragraph (g). The scholarship amounts may be designed to be layered around other assistance programs available to that child. The director shall not consider local funds allocated to support an early learning program when layering scholarships around other assistance programs. Eligible providers must be notified of the scholarship allocations available in their geographic location.

Subd. 6. **Award of scholarships.** (a) The director shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible programs. The director may prioritize applications on factors including family income, geographic location, whether the child's family is on a waiting list

for a publicly funded program providing early education or child care services, and the needs of the child and that child's family. By March 15, eligible programs may notify the director of the number of scholarship-eligible children who are eligible under subdivision 4, and who have applied for enrollment in that program. To facilitate enrollment planning, by April 15, the director shall notify eligible programs that have provided enrollment information under this paragraph of the scholarship status of each applicant. To the extent practicable and taking into account family mobility, the scholarships must be awarded to eligible recipients beginning April 15 of each year for a child's participation in a program starting in July, August, or September of that year. Any siblings of a child who has been awarded a scholarship under this section must be awarded a scholarship upon request provided the sibling attends the same program. A child who has received a scholarship under this section must continue to receive a scholarship until that child enrolls in kindergarten or turns six years of age.

(b) A three- or four-star rated program that has a waiting list of children eligible for scholarships may notify the director of the program's desire to serve additional children in order to accommodate scholarship recipients. The director may designate a predetermined number of scholarship slots for that program and notify the program of that number.

(c) A scholarship recipient may choose any available program and is not required to enroll in a program with a predetermined number of slots.

(d) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 45 days of first attending an eligible program.

Subd. 7. **Scholarship recipient choice of programs.** A scholarship recipient may choose to apply to any rated program or prospective program for acceptance. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of receipt of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship.

Subd. 8. **Building quality.** For fiscal years 2014 and 2015 only, the director must develop a streamlined process to encourage eligible programs to enter the rating program. As a part of building quality in the system of providers, the director may grant a parent authority to use a scholarship at a prospective program.

Subd. 9. **Provider reimbursement.** The director may determine the form and method of payment to the fiscal agent for each program serving a scholarship recipient. The director may make quarterly payments on behalf of the scholarship recipient in advance of the services provided to the child, or arrange other payment methods for providers. The director may request information as necessary from providers to verify scholarship payments.

Subd. 10. **Earned income calculation.** Scholarships paid to providers on behalf of eligible parents must not be counted as earned income for the purposes of medical assistance, MinnesotaCare, Minnesota family investment program, diversionary work program, child care assistance, or Head Start programs. Scholarships paid to providers on behalf of eligible parents must not be considered child care funds for the purposes of the child care assistance program under chapter 119B.

Subd. 11. **Collection and use of data.** (a) To the extent available, the director may collect data from participating programs on scholarship program recipients, including but not limited to demographic, socioeconomic, participation, and assessment data.

(b) Data on scholarship applicants and recipients are private data on individuals, as defined in section 13.02, subdivision 12. Participating program providers may not disclose a scholarship recipient's student identification number except as otherwise authorized by law. A participating program provider is liable for damages resulting from its release of a student identification number in a manner not authorized by law.

Subd. 12. **Report required.** (a) The director, in consultation with the children's cabinet, shall develop and implement a plan to publicize and increase parent awareness of early learning scholarships. The director must report the results of the outreach efforts to the legislature by January 15 of each year.

(b) The director shall coordinate existing evaluation and assessment efforts and track scholarship program participation to understand program outcomes. The director must report to the legislature on the performance of the scholarship program by January 15, 2016, and each year thereafter.

Sec. 4. Minnesota Statutes 2012, section 124D.531, subdivision 1, is amended to read:

Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic education aid for fiscal year 2011 equals $44,419,000, plus any amount that is not paid during the previous fiscal year as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal years equals:

(1) the state total adult basic education aid for the preceding fiscal year plus any amount that is not paid for during the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

(2) the lesser of:

(i) ~~1.02~~ 1.03; or

(ii) the average growth in state total contact hours over the prior ten program years.

Beginning in fiscal year 2002, two percent of the state total adult basic education aid must be set aside for adult basic education supplemental service grants under section 124D.522.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 5. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 8, as amended by Laws 2012, chapter 239, article 3, section 4, is amended to read:

Subd. 8. **Early childhood education scholarships.** For grants to early childhood education scholarships for public or private early childhood preschool programs for children ages 3 to 5:

$2,000,000 2013

(a) All children whose parents or legal guardians meet the eligibility requirements of paragraph (b) established by the commissioner are eligible to receive early childhood education scholarships under this section.

(b) A parent or legal guardian is eligible for an early childhood education scholarship if the parent or legal guardian:

(1) has a child three or four years of age on September 1, beginning in calendar year 2012; and

(2)(i) has income equal to or less than 47 percent of the state median income in the current calendar year; or

(ii) can document their child's identification through another public funding eligibility process, including the Free and Reduced Price Lunch Program, National School Lunch Act, United States Code, title 42, section 1751, part 210; Head Start under federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; and child care assistance programs under chapter 119B. Early childhood scholarships may not be counted as earned income for the purposes of medical assistance, MinnesotaCare, Minnesota family investment program, child care assistance, or Head Start programs.

Each year, if this appropriation is insufficient to provide early childhood education scholarships to all eligible children, the Department of Education shall make scholarships available on a first-come, first-served basis.

The commissioner of education shall submit a written report to the education committees of the legislature by January 15, 2012, describing its plan for implementation of scholarships under this subdivision for the 2012-2013 school year.

Any balance in the first year does not cancel but is available in the second year.

The base for this program is $3,000,000 each year.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to early learning scholarships received during fiscal year 2013.

Sec. 6. **FISCAL YEAR 2014 ONLY.**

Notwithstanding the timelines in section 2, for fiscal year 2014 only, the director shall establish an expedited process to award scholarships to eligible recipients attending three- or four-star rated programs to accommodate those eligible programs with fall enrollment deadlines.

Sec. 7. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

$10,095,000	. . . . .	2014
$10,159,000	. . . . .	2015

The 2014 appropriation includes $1,372,000 for 2013 and $8,723,000 for 2014.

The 2015 appropriation includes $1,372,000 for 2014 and $8,787,000 for 2015.

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

$22,078,000	. . . . .	2014
$22,425,000	. . . . .	2015

The 2014 appropriation includes $3,008,000 for 2013 and $19,070,000 for 2014.

The 2015 appropriation includes $3,001,000 for 2014 and $19,424,000 for 2015.

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

$3,421,000	. . . . .	2014
$3,344,000	. . . . .	2015

The 2014 appropriation includes $474,000 for 2013 and $2,947,000 for 2014.

The 2015 appropriation includes $463,000 for 2014 and $2,881,000 for 2015.

Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

$22,171,000	. . . . .	2014
$20,100,000	. . . . .	2015

For the fiscal year 2014 appropriation only, the lesser of 50 percent of the actual loss of revenue to sequestration or $2,071,000 must be used to replace a portion of the federal funds lost to sequestration and must be distributed proportionate to the loss among all programs.

Subd. 6. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

$49,000	. . . . .	2014
$49,000	. . . . .	2015

Subd. 7. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

$281,000	. . . . .	2014
$281,000	. . . . .	2015

Subd. 8. **Early childhood education scholarships.** For transfer to the Office of Early Learning for early learning scholarships under Minnesota Statutes, section 124D.143:

$25,000,000	. . . . .	2014
$31,000,000	. . . . .	2015

Up to $950,000 each year is for administration of this program.

Any balance in the first year does not cancel but is available in the second year.

The base for this program is $52,000,000 for fiscal year 2016 and $75,000,000 for fiscal year 2017 and later.

Subd. 9. **Parent-child home program.** For a grant for a parent-child home program:

$250,000	. . . . .	2014
$250,000	. . . . .	2015

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years. Any unexpended balance in the first year does not cancel but is available in the second year.

Subd. 10. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$935,000	. . . . .	2014
$1,056,000	. . . . .	2015

The 2014 appropriation includes $118,000 for 2013 and $817,000 for 2014.

The 2015 appropriation includes $128,000 for 2014 and $928,000 for 2015.

Subd. 11. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

$710,000	. . . . .	2014
$710,000	. . . . .	2015

The 2014 appropriation includes $96,000 for 2013 and $614,000 for 2014.

The 2015 appropriation includes $96,000 for 2014 and $614,000 for 2015.

Subd. 12. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

$70,000	. . . . .	2014
$70,000	. . . . .	2015

Subd. 13. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

$1,000	. . . . .	2014
$1,000	. . . . .	2015

The 2014 appropriation includes $0 for 2013 and $1,000 for 2014.

The 2015 appropriation includes $0 for 2014 and $1,000 for 2015.

Subd. 14. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

$47,005,000	. . . . .	2014
$48,356,000	. . . . .	2015

The 2014 appropriation includes $6,284,000 for 2013 and $40,721,000 for 2014.

The 2015 appropriation includes $6,409,000 for 2014 and $41,947,000 for 2015.

Subd. 15. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

$125,000	. . . . .	2014
$125,000	. . . . .	2015

ARTICLE 9
STATE AGENCIES

Section 1. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

$19,214,000	. . . . .	2014
$19,386,000	. . . . .	2015

Any balance in the first year does not cancel but is available in the second year.

(b) $260,000 each year is for the Minnesota Children's Museum.

(c) $41,000 each year is for the Minnesota Academy of Science.

(d) $50,000 each year is for the Duluth Children's Museum.

(e) $618,000 each year is for the Board of Teaching. Any balance in the first year does not cancel but is available in the second year.

(f) $167,000 each year is for the Board of School Administrators. Any balance in the first year does not cancel but is available in the second year.

(g) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(h) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D. C. office.

Subd. 3. **Licensure by portfolio.** For licensure by portfolio:

$30,000	. . . . .	2014
$30,000	. . . . .	2015

This appropriation is from the educator licensure portfolio account of the special revenue fund.

Sec. 2. **APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

$11,897,000	. . . . .	2014
$11,910,000	. . . . .	2015

$85,000 of the fiscal year 2014 appropriation is for costs associated with upgrading kitchen facilities. Any balance in the first year does not cancel but is available in the second year.

Sec. 3. **APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

$6,786,000	. . . . .	2014
$6,848,000	. . . . .	2015

Any balance in the first year does not cancel but is available in the second year.

ARTICLE 10
FORECAST ADJUSTMENTS

A. GENERAL EDUCATION

Section 1. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 1, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

$5,379,068,000	. . . . .	2012
$ ~~5,844,995,000~~ 7,153,701,000	. . . . .	2013

The 2012 appropriation includes $1,660,922,000 for 2011 and $3,718,146,000 for 2012.

The 2013 appropriation includes $2,038,568,000 for 2012 and ~~$3,806,427,000~~ $5,115,133,000 for 2013.

Sec. 2. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 2, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

$42,000	. . . . .	2012
$ ~~46,000~~ 40,000	. . . . .	2013

Sec. 3. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 3, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

$1,406,000	. . . . .	2012
$ ~~2,072,000~~ 2,503,000	. . . . .	2013

The 2012 appropriation includes $346,000 for 2011 and $1,060,000 for 2012.

The 2013 appropriation includes $588,000 for 2012 and ~~$1,484,000~~ $1,915,000 for 2013.

Sec. 4. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 4, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

$145,000	. . . . .	2012
$ ~~193,000~~ 260,000	. . . . .	2013

The 2012 appropriation includes $145,000 for 2011 and $0 for 2012.

The 2013 appropriation includes $0 for 2012 and ~~$193,000~~ $260,000 for 2013.

Sec. 5. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 5, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

$14,302,000	. . . . .	2012
$ ~~15,594,000~~ 18,969,000	. . . . .	2013

The 2012 appropriation includes $4,161,000 for 2011 and $10,141,000 for 2012.

The 2013 appropriation includes $5,629,000 for 2012 and ~~$9,965,000~~ $13,340,000 for 2013.

Sec. 6. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 7, as amended by Laws 2012, chapter 292, article 2, section 6, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

$17,757,000	. . . . .	2012
$ ~~19,036,000~~ 23,648,000	. . . . .	2013

The 2012 appropriation includes $5,700,000 for 2011 and $12,057,000 for 2012.

The 2013 appropriation includes $6,694,000 for 2012 and ~~$12,342,000~~ $16,954,000 for 2013.

Sec. 7. Laws 2011, First Special Session chapter 11, article 1, section 36, subdivision 10, as amended by Laws 2012, chapter 292, article 2, section 7, is amended to read:

Subd. 10. **Compensatory pilot project formula aid.** For grants for compensatory pilot project formula aid as calculated under this subdivision:

$ ~~9,368,000~~ 13,403,000	. . . . .	2013

For fiscal year 2013 only, a district which has a pupil unit count that is in the top 20 largest pupil unit counts is eligible for the greater of zero or $1,400 times the number of compensatory pupil units, minus the amount of compensatory education revenue received by the district under Minnesota Statutes, section 126C.10, subdivision 3.

The 2013 appropriation includes $0 for 2012 and ~~$9,368,000~~ $13,403,000 for 2013.

This is a onetime appropriation.

B. EDUCATION EXCELLENCE

Sec. 8. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 8, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

$42,806,000	. . . . .	2012
$ ~~48,978,000~~ 60,067,000	. . . . .	2013

The 2012 appropriation includes $12,642,000 for 2011 and $30,164,000 for 2012.

The 2013 appropriation includes $16,746,000 for 2012 and ~~$32,232,000~~ $43,321,000 for 2013.

Sec. 9. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 10, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86:

$61,181,000	. . . . .	2012
$ ~~65,498,000~~ 79,329,000	. . . . .	2013

The 2012 appropriation includes $19,272,000 for 2011 and $41,909,000 for 2012.

The 2013 appropriation includes $23,268,000 for 2012 and ~~$42,230,000~~ $56,061,000 for 2013.

The base for the final payment in fiscal year 2014 for fiscal year 2013 is ~~$31,668,000~~ $17,197,000.

Sec. 10. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 11, is amended to read:

Subd. 5. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

$ ~~31,241,000~~ 41,978,000	. . . . .	2013

The 2013 appropriation includes $0 for 2012 and ~~$31,241,000~~ $41,978,000 for 2013.

Sec. 11. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 12, is amended to read:

Subd. 6. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

$13,262,000	. . . . .	2012
$ ~~13,966,000~~ 13,260,000	. . . . .	2013

Sec. 12. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 7, as amended by Laws 2012, chapter 292, article 2, section 13, is amended to read:

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

$2,013,000	. . . . .	2012
$ ~~2,137,000~~ 2,609,000	. . . . .	2013

The 2012 appropriation includes $638,000 for 2011 and $1,375,000 for 2012.

The 2013 appropriation includes $762,000 for 2012 and ~~$1,375,000~~ $1,847,000 for 2013.

Sec. 13. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision 9, as amended by Laws 2012, chapter 292, article 2, section 14, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

$1,791,000	. . . . .	2012
$ ~~1,969,000~~ 2,353,000	. . . . .	2013

The 2012 appropriation includes $600,000 for 2011 and $1,191,000 for 2012.

The 2013 appropriation includes $660,000 for 2012 and ~~$1,309,000~~ $1,693,000 for 2013.

C. SPECIAL EDUCATION

Sec. 14. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 15, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

$767,845,000	. . . . .	2012
$ ~~856,386,000~~ 1,046,423,000	. . . . .	2013

The 2012 appropriation includes $235,975,000 for 2011 and $531,870,000 for 2012.

The 2013 appropriation includes $295,299,000 for 2012 and ~~$561,087,000~~ $751,124,000 for 2013.

Sec. 15. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 16, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

$1,508,000	. . . . .	2012
$ ~~1,593,000~~ 1,570,000	. . . . .	2013

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 16. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 17, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

$314,000	. . . . .	2012
$ ~~321,000~~ 407,000	. . . . .	2013

The 2012 appropriation includes $107,000 for 2011 and $207,000 for 2012.

The 2013 appropriation includes $114,000 for 2012 and ~~$207,000~~ $293,000 for 2013.

Sec. 17. Laws 2011, First Special Session chapter 11, article 3, section 11, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 18, is amended to read:

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

$107,557,000	. . . . .	2012
$ ~~115,269,000~~ 134,121,000	. . . . .	2013

The 2012 appropriation includes $53,449,000 for 2011 and $54,108,000 for 2012.

The 2013 appropriation includes $59,607,000 for 2012 and ~~$55,662,000~~ $74,514,000 for 2013.

D. FACILITIES AND TECHNOLOGY

Sec. 18. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 19, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

$98,000	. . . . .	2012
$ ~~157,000~~ 200,000	. . . . .	2013

The 2012 appropriation includes $39,000 for 2011 and $59,000 for 2012.

The 2013 appropriation includes $32,000 for 2012 and ~~$125,000~~ $168,000 for 2013.

Sec. 19. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 20, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

$11,625,000	. . . . .	2012
$ ~~16,342,000~~ 20,237,000	. . . . .	2013

The 2012 appropriation includes $2,604,000 for 2011 and $9,021,000 for 2012.

The 2013 appropriation includes $5,008,000 for 2012 and ~~$11,334,000~~ $15,229,000 for 2013.

Sec. 20. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 21, is amended to read:

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

$18,187,000	. . . . .	2012
$ ~~19,287,000~~ 23,549,000	. . . . .	2013

The 2012 appropriation includes $5,785,000 for 2011 and $12,402,000 for 2012.

The 2013 appropriation includes $6,885,000 for 2012 and ~~$12,402,000~~ $16,664,000 for 2013.

Sec. 21. Laws 2011, First Special Session chapter 11, article 4, section 10, subdivision 6, as amended by Laws 2012, chapter 292, article 2, section 22, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

$2,331,000	. . . . .	2012
$ ~~3,141,000~~ 3,817,000	. . . . .	2013

The 2012 appropriation includes $676,000 for 2011 and $1,655,000 for 2012.

The 2013 appropriation includes $918,000 for 2012 and ~~$2,223,000~~ $2,899,000 for 2013.

E. NUTRITION AND LIBRARIES

Sec. 22. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 23, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

$12,285,000	. . . . .	2012
$ ~~12,524,000~~ 12,266,000	. . . . .	2013

Sec. 23. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 24, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

$5,247,000	. . . . .	2012
$ ~~5,560,000~~ 5,417,000	. . . . .	2013

Sec. 24. Laws 2011, First Special Session chapter 11, article 5, section 12, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 25, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

$1,025,000	. . . . .	2012
$ ~~1,035,000~~ 1,019,000	. . . . .	2013

Sec. 25. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 26, is amended to read:

Subd. 2. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

$12,797,000	. . . . .	2012
$ ~~13,570,000~~ 16,569,000	. . . . .	2013

The 2012 appropriation includes $4,071,000 for 2011 and $8,726,000 for 2012.

The 2013 appropriation includes $4,844,000 for 2012 and ~~$8,726,000~~ $11,725,000 for 2013.

Sec. 26. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 27, is amended to read:

Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

$1,226,000	. . . . .	2012
$ ~~1,300,000~~ 1,588,000	. . . . .	2013

The 2012 appropriation includes $390,000 for 2011 and $836,000 for 2012.

The 2013 appropriation includes $464,000 for 2012 and ~~$836,000~~ $1,124,000 for 2013.

Sec. 27. Laws 2011, First Special Session chapter 11, article 6, section 2, subdivision 5, as amended by Laws 2012, chapter 292, article 2, section 28, is amended to read:

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

$2,169,000	. . . . .	2012
$ ~~2,300,000~~ 2,809,000	. . . . .	2013

The 2012 appropriation includes $690,000 for 2011 and $1,479,000 for 2012.

The 2013 appropriation includes $821,000 for 2012 and ~~$1,479,000~~ $1,988,000 for 2013.

F. EARLY CHILDHOOD EDUCATION, PREVENTION, AND LIFELONG LEARNING

Sec. 28. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 29, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

$9,444,000	. . . . .	2012
$ ~~10,095,000~~ 12,326,000	. . . . .	2013

The 2012 appropriation includes $2,952,000 for 2011 and $6,492,000 for 2012.

The 2013 appropriation includes $3,603,000 for 2012 and ~~$6,492,000~~ $8,723,000 for 2013.

Sec. 29. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 30, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

$21,099,000	. . . . .	2012
$ ~~22,358,000~~ 27,197,000	. . . . .	2013

The 2012 appropriation includes $6,542,000 for 2011 and $14,557,000 for 2012.

The 2013 appropriation includes $8,082,000 for 2012 and ~~$14,276,000~~ $19,115,000 for 2013.

Sec. 30. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 4, as amended by Laws 2012, chapter 292, article 2, section 31, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

$3,359,000	. . . . .	2012
$ ~~3,543,000~~ 4,287,000	. . . . .	2013

The 2012 appropriation includes $1,066,000 for 2011 and $2,293,000 for 2012.

The 2013 appropriation includes $1,273,000 for 2012 and ~~$2,270,000~~ $3,014,000 for 2013.

Sec. 31. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 32, is amended to read:

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

$442,000	. . . . .	2012
$ ~~746,000~~ 926,000	. . . . .	2013

The 2012 appropriation includes $134,000 for 2011 and $308,000 for 2012.

The 2013 appropriation includes $170,000 for 2012 and ~~$576,000~~ $756,000 for 2013.

Sec. 32. Laws 2011, First Special Session chapter 11, article 8, section 2, subdivision 3, as amended by Laws 2012, chapter 292, article 2, section 33, is amended to read:

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

$654,000	. . . . .	2012
$ ~~710,000~~ 867,000	. . . . .	2013

The 2012 appropriation includes $197,000 for 2011 and $457,000 for 2012.

The 2013 appropriation includes $253,000 for 2012 and ~~$457,000~~ $614,000 for 2013.

Sec. 33. Laws 2011, First Special Session chapter 11, article 9, section 3, subdivision 2, as amended by Laws 2012, chapter 292, article 2, section 34, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

$42,526,000	. . . . .	2012
$ ~~45,901,000~~ 56,113,000	. . . . .	2013

The 2012 appropriation includes $13,364,000 for 2011 and $29,162,000 for 2012.

The 2013 appropriation includes $16,190,000 for 2012 and ~~$29,711,000~~ $39,923,000 for 2013."

Delete the title and insert:

"A bill for an act relating to education; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general education, student accountability, education excellence, charter schools, special education, facilities, technology, nutrition, libraries, accounting, early childhood, self-sufficiency, lifelong learning, state agencies, and forecast adjustments; authorizing rulemaking; requiring reports; appropriating money; amending Minnesota Statutes 2012, sections 13.319, by adding a subdivision; 15.059, subdivision 5b; 120A.20, subdivision 1; 120A.40; 120A.41; 120B.02; 120B.021, subdivision 1; 120B.023; 120B.024; 120B.125; 120B.128; 120B.30, subdivisions 1, 1a; 120B.31, subdivision 1; 120B.35, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivision 2; 121A.2205; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.23, subdivision 2; 122A.28, subdivision 1; 122A.33, subdivision 3; 122A.61, subdivision 1; 123B.41, subdivision 7; 123B.54; 123B.88, subdivision 22; 123B.92, subdivisions 1, 5; 124D.02, subdivision 1; 124D.095, subdivision 10; 124D.10; 124D.11, subdivision 5; 124D.111, subdivision 1; 124D.119; 124D.122; 124D.128, subdivision 2; 124D.42; 124D.4531, subdivision 1; 124D.52, by adding a subdivision; 124D.531, subdivision 1; 124D.59, subdivision 2; 124D.61; 124D.79, subdivision 1, by adding a subdivision; 125A.0941; 125A.0942; 125A.11, subdivision 1; 125A.27, subdivisions 8, 11, 14; 125A.28; 125A.29; 125A.30; 125A.32; 125A.33; 125A.35, subdivision 1; 125A.36; 125A.43; 125A.76, subdivisions 1, 4a, 8, by adding subdivisions; 125A.78, subdivision 2; 125A.79, subdivisions 1, 5; 126C.01, by adding a subdivision; 126C.05, subdivisions 1, 15; 126C.10, subdivisions 1, 2, 14, 24, 29, 32; 126C.15, subdivisions 1, 2; 126C.17, subdivisions 1, 5, 6; 126C.40, subdivision 6; 126C.44; 126C.48, subdivision 8; 127A.47, subdivision 7; 128D.11, subdivision 3; 134.32; 134.34; 134.351, subdivisions 3, 7; 134.353; 134.354; 134.355, subdivisions 1, 2, 3, 4, 5, 6; 134.36; 260A.02, subdivision 3; 260A.03; 260A.05, subdivision 1; 260A.07, subdivision 1; Laws 2007, chapter 146, article 4, section 12; Laws 2011, First Special Session chapter 11, article 1, section 36, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 10, as amended; article 2, section 50, subdivisions 2, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 9, as amended; article 3, section 11, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended; article 4, section 10, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, as amended; article 5, section 12, subdivisions 2, as amended, 3, as amended, 4, as amended; article 6, section 2, subdivisions 2, as amended, 3, as amended, 5, as amended; article 7, section 2, subdivisions 2, as amended, 3, as amended, 4, as amended, 8, as amended; article 8, section 2, subdivisions 2, as amended, 3, as amended; article 9, section 3, subdivision 2, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 126C; proposing coding for new law as Minnesota Statutes, chapter 16F; repealing Minnesota Statutes 2012, sections 124D.454, subdivisions 3, 10, 11; 125A.35, subdivisions 4, 5; 125A.76, subdivisions 2, 4, 5, 7; 125A.79, subdivisions 6, 7; 126C.17, subdivision 13; Minnesota Rules, parts 3501.0010; 3501.0020; 3501.0030, subparts 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16; 3501.0040; 3501.0050; 3501.0060; 3501.0090; 3501.0100; 3501.0110; 3501.0120; 3501.0130; 3501.0140; 3501.0150; 3501.0160; 3501.0170; 3501.0180; 3501.0200; 3501.0210; 3501.0220; 3501.0230; 3501.0240; 3501.0250; 3501.0270; 3501.0280, subparts 1, 2; 3501.0290; 3501.0505; 3501.0510; 3501.0515; 3501.0520; 3501.0525;

3501.0530; 3501.0535; 3501.0540; 3501.0545; 3501.0550; 3501.1000; 3501.1020; 3501.1030; 3501.1040; 3501.1050; 3501.1110; 3501.1120; 3501.1130; 3501.1140; 3501.1150; 3501.1160; 3501.1170; 3501.1180; 3501.1190."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Dill from the Committee on Environment and Natural Resources Policy to which was referred:

H. F. No. 683, A bill for an act relating to water; requiring conservation rate structures under certain conditions; amending Minnesota Statutes 2012, section 103G.291, subdivisions 3, 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **[3.886] LEGISLATIVE WATER COMMISSION.**

Subdivision 1. **Establishment.** A Legislative Water Commission is established.

Subd. 2. **Membership.** (a) The Legislative Water Commission consists of ten members appointed as follows:

(1) five members of the senate with minority representation proportionate to minority membership in the senate, to be appointed by the Subcommittee on Committees of the Committee on Rules and Administration and to serve until their successors are appointed; and

(2) five members of the house of representatives with minority representation proportionate to minority membership in the house, to be appointed by the speaker of the house and to serve until their successors are appointed.

(b) Vacancies shall be filled in the same manner as the original positions.

(c) Vacancies occurring on the commission do not affect the authority of the remaining members of the Legislative Water Commission to carry out the function of the commission.

Subd. 3. **Staff.** The Legislative Water Commission may appoint and fix the compensation of personnel and consultants necessary to enable the commission to carry out its functions, or to contract for services to supply necessary data subject to the approval of the Legislative Coordinating Commission under section 3.305. State employees subject to civil service laws and rules who may be assigned to the commission retain civil service status without interruption or loss of status or privilege.

Subd. 4. **Powers and duties.** (a) The Legislative Water Commission shall review water policy reports and recommendations of the Environmental Quality Board, the Board of Water and Soil Resources, the Pollution Control Agency, the Department of Natural Resources, and other water-related reports as may be required by law or the legislature.

(b) The commission may conduct public hearings and otherwise secure data and comments.

(c) The commission shall make recommendations as it deems proper to assist the legislature in formulating legislation.

(d) Data or information compiled by the Legislative Water Commission or its subcommittees shall be made available to the Legislative-Citizen Commission on Minnesota Resources and standing and interim committees of the legislature on request of the chair of the respective commission or committee.

Subd. 5. **Expiration.** This section expires July 1, 2018.

Sec. 2. Minnesota Statutes 2012, section 103G.271, subdivision 1, is amended to read:

Subdivision 1. **Permit required.** (a) Except as provided in paragraph (b), the state, a person, partnership, or association, private or public corporation, county, municipality, or other political subdivision of the state may not appropriate or use waters of the state without a water use permit from the commissioner.

(b) This section does not apply to use for a water supply by less than 25 persons for domestic purposes, except as required by the commissioner under section 103G.287, subdivision 4, paragraph (b).

(c) The commissioner may issue a state general permit for appropriation of water to a governmental subdivision or to the general public. The general permit may authorize more than one project and the appropriation or use of more than one source of water. Water use permit processing fees and reports required under subdivision 6 and section 103G.281, subdivision 3, are required for each project or water source that is included under a general permit, except that no fee is required for uses totaling less than 15,000,000 gallons annually.

Sec. 3. Minnesota Statutes 2012, section 103G.271, subdivision 4, is amended to read:

Subd. 4. **Minimum use exemption and local approval of low use permits.** (a) Except for local permits under section 103B.211, subdivision 4, a water use permit is not required for the appropriation and use of less than ~~a minimum amount prescribed by the commissioner by rule~~ 10,000 gallons per day and totaling no more than 1,000,000 gallons per year, except as required by the commissioner under section 103G.287, subdivision 4, paragraph (b).

(b) Water use permits for more than the minimum amount but less than an intermediate amount prescribed by rule must be processed and approved at the municipal, county, or regional level based on rules adopted by the commissioner.

(c) The rules must include provisions for reporting to the commissioner the amounts of water appropriated under local permits.

Sec. 4. Minnesota Statutes 2012, section 103G.287, subdivision 4, is amended to read:

Subd. 4. **Groundwater management areas.** (a) The commissioner may designate groundwater management areas and limit total annual water appropriations and uses within a designated area to ensure sustainable use of groundwater that protects ecosystems, water quality, and the ability of future generations to meet their own needs. Water appropriations and uses within a designated management area must be consistent with a plan approved by the commissioner that addresses water conservation requirements and water allocation priorities established in section 103G.261.

(b) Within designated groundwater management areas, the commissioner may require permits as specified in section 103G.271 for all water users, including those using less than 10,000 gallons per day or 1,000,000 gallons per year and water supplies serving less than 25 persons for domestic purposes.

Sec. 5. **GROUNDWATER SUSTAINABILITY RECOMMENDATIONS.**

The commissioner of natural resources shall develop recommendations on additional tools needed to fully implement the groundwater sustainability requirements of Minnesota Statutes, section 103G.287, subdivisions 3 and 5. The recommendations shall be submitted to the chairs of the environment and natural resources policy and finance committees by January 15, 2014, and shall include draft legislative language to implement the recommendations."

Delete the title and insert:

"A bill for an act relating to water; creating Legislative Water Commission; modifying water use requirements; requiring a report on groundwater sustainability recommendations; amending Minnesota Statutes 2012, sections 103G.271, subdivisions 1, 4; 103G.287, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 3."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 724, A bill for an act relating to public safety; providing that funds received for out-of-state offenders incarcerated in Minnesota are appropriated to the Department of Corrections; modifying certificates of compliance for public contracts; enhancing penalties for certain repeat criminal sexual conduct offenders; appropriating money for public safety, corrections, and human rights; amending Minnesota Statutes 2012, sections 161.20, subdivision 3; 243.51, subdivisions 1, 3; 363A.36, subdivisions 1, 2; 609.3451, subdivision 3; 609.3455, by adding a subdivision; repealing Minnesota Statutes 2012, section 243.51, subdivision 5.

Reported the same back with the following amendments:

Page 3, line 1, delete "47,518,000" and insert "47,588,000"

Page 3, line 12, delete "$2,980,000" and insert "$3,050,000"

Page 5, line 22, delete "2,235,000" and insert "2,485,000" and delete "2,235,000" and insert "2,485,000"

Page 5, line 25, delete "653,000" and insert "903,000" and delete "653,000" and insert "903,000"

Page 5, line 26, delete "This appropriation" and insert "$653,000 each year"

Page 5, after line 29, insert:

"$250,000 each year is appropriated from the lawful gambling regulation account in the special revenue fund."

Page 12, delete lines 13 to 17 and insert "stay the execution of the sentence if it finds that a stay is in the best interest of the complainant or the family unit, and a professional assessment indicates that the offender has been accepted by and can respond to a treatment program. If the court stays execution of sentence, it shall include the following as conditions of probation:"

Page 12, delete lines 18 to 20 and insert:

"(1) incarceration in a local jail or workhouse;

(2) a requirement that the offender complete a treatment program; and

(3) a requirement that the offender have no unsupervised contact with the complainant until the offender has successfully completed the treatment program unless approved by the treatment program and the supervising correctional agent."

Adjust amounts accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 779, A bill for an act relating to health plan regulation; establishing health plan market rules; modifying the designation of essential community providers; amending Minnesota Statutes 2012, section 62Q.19, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 62K; repealing Minnesota Statutes 2012, section 62D.124.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
CONFORMING STATE LAW TO AFFORDABLE CARE ACT

Section 1. Minnesota Statutes 2012, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The commissioner is authorized to request proposals or to negotiate and to enter into contracts with parties which in the judgment of the commissioner are best qualified to provide service to the benefit plans. Contracts entered into are not subject to the requirements of sections 16C.16 to 16C.19. The commissioner may negotiate premium rates and coverage. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers, and any other factors which the commissioner deems appropriate. Each benefit contract must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. A carrier licensed under chapter 62A is exempt from the taxes imposed by chapter 297I on premiums paid to it by the state.

(b) All self-insured hospital and medical service products must comply with coverage mandates, data reporting, and consumer protection requirements applicable to the licensed carrier administering the product, had the product been insured, including chapters 62J, 62M, and 62Q. Any self-insured products that limit coverage to a network of

providers or provide different levels of coverage between network and nonnetwork providers shall comply with section 62D.123 and geographic access standards for health maintenance organizations adopted by the commissioner of health in rule under chapter 62D.

(c) Notwithstanding paragraph (b), a self-insured hospital and medical product offered under sections 43A.22 to 43A.30 is ~~not~~ required to extend dependent coverage to an eligible employee's ~~unmarried~~ child ~~under the age of 25~~ to the full extent required under chapters 62A and 62L. Dependent child coverage must, at a minimum, extend to an eligible employee's ~~unmarried~~ dependent child ~~who is under the age of 19 or an unmarried child under the age of 25 who is a full-time student. A person who is at least 19 years of age but who is under the age of 25 and who is not a full-time student must be permitted to be enrolled as a dependent of an eligible employee until age 25 if the person:~~ to the limiting age as defined in section 62Q.01, subdivision 9, disabled children to the extent required in sections 62A.14 and 62A.141, and dependent grandchildren to the extent required in sections 62A.042 and 62A.302.

~~(1) was a full-time student immediately prior to being ordered into active military service, as defined in section 190.05, subdivision 5b or 5c;~~

~~(2) has been separated or discharged from active military service; and~~

~~(3) would be eligible to enroll as a dependent of an eligible employee, except that the person is not a full-time student.~~

~~The definition of "full-time student" for purposes of this paragraph includes any student who by reason of illness, injury, or physical or mental disability as documented by a physician is unable to carry what the educational institution considers a full-time course load so long as the student's course load is at least 60 percent of what otherwise is considered by the institution to be a full-time course load. Any notice regarding termination of coverage due to attainment of the limiting age must include information about this definition of "full-time student."~~

(d) Beginning January 1, 2010, the health insurance benefit plans offered in the commissioner's plan under section 43A.18, subdivision 2, and the managerial plan under section 43A.18, subdivision 3, must include an option for a health plan that is compatible with the definition of a high-deductible health plan in section 223 of the United States Internal Revenue Code.

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

Sec. 2. Minnesota Statutes 2012, section 43A.317, subdivision 6, is amended to read:

Subd. 6. **Individual eligibility.** (a) **Procedures.** The commissioner shall establish procedures for eligible employees and other eligible individuals to apply for coverage through the program.

(b) **Employees.** An employer shall determine when it applies to the program the criteria its employees must meet to be eligible for coverage under its plan. An employer may subsequently change the criteria annually or at other times with approval of the commissioner. The criteria must provide that new employees become eligible for coverage after a probationary period of at least 30 days, but no more than 90 days.

(c) **Other individuals.** An employer may elect to cover under its plan:

(1) the spouse, dependent children to the limiting age as defined in section 62Q.01, subdivision 9, disabled children to the extent required in sections 62A.14 and 62A.141, and dependent grandchildren ~~of a covered employee~~ to the extent required in sections 62A.042 and 62A.302;

(2) a retiree who is eligible to receive a pension or annuity from the employer and a covered retiree's spouse, dependent children to the limiting age as defined in section 62Q.01, subdivision 9, disabled children to the extent required in sections 62A.14 and 62A.141, and dependent grandchildren to the extent required in sections 62A.042 and 62A.302;

(3) the surviving spouse, dependent children to the limiting age as defined in section 62Q.01, subdivision 9, disabled children, and dependent grandchildren of a deceased employee or retiree, if the spouse, children, or grandchildren were covered at the time of the death;

(4) a covered employee who becomes disabled, as provided in sections 62A.147 and 62A.148; or

(5) any other categories of individuals for whom group coverage is required by state or federal law.

An employer shall determine when it applies to the program the criteria individuals in these categories must meet to be eligible for coverage. An employer may subsequently change the criteria annually, or at other times with approval of the commissioner. The criteria for dependent children to the limiting age as defined in section 62Q.01, subdivision 9, disabled children, and dependent grandchildren may be no more inclusive than the criteria under section 43A.18, subdivision 2. This paragraph shall not be interpreted as relieving the program from compliance with any federal and state continuation of coverage requirements.

(d) **Waiver and late entrance.** An eligible individual may waive coverage at the time the employer joins the program or when coverage first becomes available. The commissioner may establish a preexisting condition exclusion of not more than 18 months for late entrants as defined in section 62L.02, subdivision 19.

(e) **Continuation coverage.** The program shall provide all continuation coverage required by state and federal law.

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

Sec. 3. Minnesota Statutes 2012, section 60A.08, subdivision 15, is amended to read:

Subd. 15. **Classification of insurance filings data.** (a) All forms, rates, and related information filed with the commissioner under section 61A.02 shall be nonpublic data until the filing becomes effective.

(b) All forms, rates, and related information filed with the commissioner under section 62A.02 shall be nonpublic data until the filing becomes effective.

(c) All forms, rates, and related information filed with the commissioner under section 62C.14, subdivision 10, shall be nonpublic data until the filing becomes effective.

(d) All forms, rates, and related information filed with the commissioner under section 70A.06 shall be nonpublic data until the filing becomes effective.

(e) All forms, rates, and related information filed with the commissioner under section 79.56 shall be nonpublic data until the filing becomes effective.

(f) Notwithstanding paragraphs (b) and (c), for all rate increases subject to review under section 2794 of the Public Health Services Act and any amendments to, or regulations, or guidance issued under the act that are filed with the commissioner on or after September 1, 2011, the commissioner:

(1) may acknowledge receipt of the information;

(2) may acknowledge that the corresponding rate filing is pending review;

(3) must provide public access from the Department of Commerce's Web site to parts I and II of the Preliminary Justifications of the rate increases subject to review; and

(4) must provide notice to the public on the Department of Commerce's Web site of the review of the proposed rate, which must include a statement that the public has 30 calendar days to submit written comments to the commissioner on the rate filing subject to review.

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

Sec. 4. Minnesota Statutes 2012, section 62A.011, is amended by adding a subdivision to read:

Subd. 1a. **Affordable Care Act.** "Affordable Care Act" means the federal Patient Protection and Affordable Care Act, Public Law 111-148, as amended, including the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and any amendments to, and any federal guidance or regulations issued under, these acts.

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

Sec. 5. Minnesota Statutes 2012, section 62A.011, is amended by adding a subdivision to read:

Subd. 1b. **Grandfathered plan.** "Grandfathered plan" means a health plan in which an individual was enrolled on March 23, 2010, for as long as it maintains that status in accordance with the Affordable Care Act. Unless otherwise specified, grandfathered plans include both individual and group health plans.

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

Sec. 6. Minnesota Statutes 2012, section 62A.011, is amended by adding a subdivision to read:

Subd. 1c. **Group health plan.** "Group health plan" means a policy or certificate issued to an employer or an employee organization that is both:

(1) a health plan as defined in subdivision 3; and

(2) an employee welfare benefit plan as defined in the Employee Retirement Income Security Act of 1974, United States Code, title 29, section 1002, if the plan provides payment for medical care to employees, including both current and former employees, or their dependents, directly or through insurance, reimbursement, or otherwise, including employee welfare benefit plans specifically exempt from the provisions of the Employee Retirement Income Security Act of 1974 under United States Code, title 29, section 1003.

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

Sec. 7. Minnesota Statutes 2012, section 62A.011, subdivision 3, is amended to read:

Subd. 3. **Health plan.** "Health plan" means a policy or certificate of accident and sickness insurance as defined in section 62A.01 offered by an insurance company licensed under chapter 60A; a subscriber contract or certificate offered by a nonprofit health service plan corporation operating under chapter 62C; a health maintenance contract or certificate offered by a health maintenance organization operating under chapter 62D; a health benefit certificate offered by a fraternal benefit society operating under chapter 64B; or health coverage offered by a joint self-insurance employee health plan operating under chapter 62H. Health plan means individual and group coverage, unless otherwise specified. Health plan does not include coverage that is:

(1) limited to disability or income protection coverage;

(2) automobile medical payment coverage;

(3) ~~supplemental~~ liability insurance, including general liability insurance and automobile liability insurance, or coverage issued as a supplement to liability insurance;

(4) designed solely to provide payments on a per diem, fixed indemnity, or non-expense-incurred basis, including coverage only for a specified disease or illness or hospital indemnity or other fixed indemnity insurance, if the benefits are provided under a separate policy, certificate, or contract for insurance; there is no coordination between the provision of benefits and any exclusion of benefits under any group health plan maintained by the same plan sponsor; and the benefits are paid with respect to an event without regard to whether benefits are provided with respect to such an event under any group health plan maintained by the same plan sponsor;

(5) credit accident and health insurance as defined in section 62B.02;

(6) designed solely to provide hearing, dental, or vision care;

(7) blanket accident and sickness insurance as defined in section 62A.11;

(8) accident-only coverage;

(9) a long-term care policy as defined in section 62A.46 or 62S.01;

(10) issued as a supplement to Medicare, as defined in sections 62A.3099 to 62A.44, or policies, contracts, or certificates that supplement Medicare issued by health maintenance organizations or those policies, contracts, or certificates governed by section 1833 or 1876, section 1851, et seq.; or section 1860D-1, et seq., of title XVIII of the federal Social Security Act, ~~United States Code, title 42, section 1395,~~ et seq., as amended;

(11) workers' compensation insurance; ~~or~~

(12) issued solely as a companion to a health maintenance contract as described in section 62D.12, subdivision 1a, so long as the health maintenance contract meets the definition of a health plan~~.~~;

(13) coverage for on-site medical clinics; or

(14) coverage supplemental to the coverage provided under United States Code, title 10, chapter 55, Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).

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

Sec. 8. Minnesota Statutes 2012, section 62A.011, is amended by adding a subdivision to read:

Subd. 4. **Individual health plan.** "Individual health plan" means a health plan as defined in subdivision 3 that is offered to individuals in the individual market as defined in subdivision 5, but does not mean short-term coverage as defined in section 62A.65, subdivision 7. For purposes of this chapter, a health carrier shall not be deemed to be offering individual health plan coverage solely because the carrier maintains a conversion policy in connection with a group health plan.

EFFECTIVE DATE. This section is effective for coverage effective on or after January 1, 2014.

Sec. 9. Minnesota Statutes 2012, section 62A.011, is amended by adding a subdivision to read:

Subd. 5. **Individual market.** "Individual market" means the market for health insurance coverage offered to individuals other than in connection with a group health plan.

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

Sec. 10. Minnesota Statutes 2012, section 62A.011, is amended by adding a subdivision to read:

Subd. 6. **Minnesota Insurance Marketplace.** "Minnesota Insurance Marketplace" means the Minnesota Insurance Marketplace as defined in section 62V.02.

Sec. 11. Minnesota Statutes 2012, section 62A.011, is amended by adding a subdivision to read:

Subd. 7. **Qualified health plan.** "Qualified health plan" means a health plan that meets the definition in section 1301(a) of the Affordable Care Act and has been certified by the board of the Minnesota Insurance Marketplace in accordance with chapter 62V to be offered through the Minnesota Insurance Marketplace.

Sec. 12. Minnesota Statutes 2012, section 62A.02, is amended by adding a subdivision to read:

Subd. 8. **Filing by health carriers for purposes of complying with the certification requirements of the Minnesota Insurance Marketplace.** No qualified health plan shall be offered through the Minnesota Insurance Marketplace until its form and the premium rates pertaining to the form have been approved by the commissioner of commerce or health, as appropriate, and the health plan has been determined to comply with the certification requirements of the Minnesota Insurance Marketplace in accordance with an agreement between the commissioners of commerce and health and the Minnesota Insurance Marketplace.

EFFECTIVE DATE. This section is effective for coverage effective on or after January 1, 2014.

Sec. 13. Minnesota Statutes 2012, section 62A.03, subdivision 1, is amended to read:

Subdivision 1. **Conditions.** No policy of individual accident and sickness insurance may be delivered or issued for delivery to a person in this state unless:

(1) **Premium.** The entire money and other considerations therefor are expressed therein.

(2) **Time effective.** The time at which the insurance takes effect and terminates is expressed therein.

(3) **One person.** It purports to insure only one person, except that a policy may insure, originally or by subsequent amendment, upon the application of an adult member of a family deemed the policyholder, any two or more eligible members of that family, including:

(a) husband,

(b) wife,

(c) dependent children as described in sections 62A.302 and 62A.3021, or

~~(d) any children under a specified age of 19 years or less, or~~

~~(e)~~ (d) any other person dependent upon the policyholder.

(4) **Appearance.** The style, arrangement, and overall appearance of the policy give no undue prominence to any portion of the text and every printed portion of the text of the policy and of any endorsements or attached papers is plainly printed in light-face type of a style in general use. The type size must be uniform and not less than ten point with a lowercase unspaced alphabet length not less than 120 point. The "text" includes all printed matter except the name and address of the insurer, name or title of the policy, the brief description, if any, the reference to renewal or cancellation by a separate statement, if any, and the captions and subcaptions.

(5) **Description of policy.** The policy, on the first page, indicates or refers to its provisions for renewal or cancellation either in the brief description, if any, or by a separate statement printed in type not smaller than the type used for captions or a separate provision bearing a caption which accurately describes the renewability or cancelability of the policy.

(6) **Exceptions in policy.** The exceptions and reductions of indemnity are set forth in the policy and, except those which are set forth in section 62A.04, printed, at the insurer's option, either with the benefit provision to which they apply, or under an appropriate caption such as "EXCEPTIONS" or "EXCEPTIONS AND REDUCTIONS." However, if an exception or reduction specifically applies only to a particular benefit of the policy, a statement of the exception or reduction must be included with the benefit provision to which it applies.

(7) **Form number.** Each form, including riders and endorsements, is identified by a form number in the lower left hand corner of the first page thereof.

(8) **No incorporation by reference.** It contains no provision purporting to make any portion of the charter, rules, constitution, or bylaws of the insurer a part of the policy unless the portion is set forth in full in the policy, except in the case of the incorporation of, or reference to, a statement of rates, classification of risks, or short rate table filed with the commissioner.

(9) **Medical benefits.** If the policy contains a provision for medical expense benefits, the term "medical benefits" or similar terms as used therein includes treatments by all licensed practitioners of the healing arts unless, subject to the qualifications contained in clause (10), the policy specifically states the practitioners whose services are covered.

(10) **Osteopath, optometrist, chiropractor, or registered nurse services.** With respect to any policy of individual accident and sickness insurance issued or entered into subsequent to August 1, 1974, notwithstanding the provisions of the policy, if it contains a provision providing for reimbursement for any service which is in the lawful scope of practice of a duly licensed osteopath, optometrist, chiropractor, or registered nurse meeting the requirements of section 62A.15, subdivision 3a, the person entitled to benefits or person performing services under the policy is entitled to reimbursement on an equal basis for the service, whether the service is performed by a physician, osteopath, optometrist, chiropractor, or registered nurse meeting the requirements of section 62A.15, subdivision 3a, licensed under the laws of this state.

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

Sec. 14. Minnesota Statutes 2012, section 62A.04, subdivision 2, is amended to read:

Subd. 2. **Required provisions.** Except as provided in subdivision 4 each such policy delivered or issued for delivery to any person in this state shall contain the provisions specified in this subdivision in the words in which the same appear in this section. The insurer may, at its option, substitute for one or more of such provisions corresponding provisions of different wording approved by the commissioner which are in each instance not less favorable in any respect to the insured or the beneficiary. Such provisions shall be preceded individually by the caption appearing in this subdivision or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the commissioner may approve.

(1) A provision as follows:

ENTIRE CONTRACT; CHANGES: This policy, including the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto. No agent has authority to change this policy or to waive any of its provisions.

(2) A provision as follows:

TIME LIMIT ON CERTAIN DEFENSES: (a) After two years from the date of issue of this policy no misstatements, except fraudulent misstatements, made by the applicant in the application for such policy shall be used to void the policy or to deny a claim for loss incurred or disability (as defined in the policy) commencing after the expiration of such two year period.

The foregoing policy provision shall not be so construed as to affect any legal requirement for avoidance of a policy or denial of a claim during such initial two year period, nor to limit the application of clauses (1), (2), (3), (4) and (5), in the event of misstatement with respect to age or occupation or other insurance. A policy which the insured has the right to continue in force subject to its terms by the timely payment of premium (1) until at least age 50 or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue, may contain in lieu of the foregoing the following provisions (from which the clause in parentheses may be omitted at the insurer's option) under the caption "INCONTESTABLE":

After this policy has been in force for a period of two years during the lifetime of the insured (excluding any period during which the insured is disabled), it shall become incontestable as to the statements contained in the application.

(b) No claim for loss incurred or disability (as defined in the policy) commencing after two years from the date of issue of this policy shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy.

(3) (a) Except as required for qualified health plans sold through the Minnesota Insurance Marketplace to individuals receiving advance payments of the premium tax credit, a provision as follows:

GRACE PERIOD: A grace period of ..... (insert a number not less than "7" for weekly premium policies, "10" for monthly premium policies and "31" for all other policies) days will be granted for the payment of each premium falling due after the first premium, during which grace period the policy shall continue in force.

A policy which contains a cancellation provision may add, at the end of the above provision,

subject to the right of the insurer to cancel in accordance with the cancellation provision hereof.

A policy in which the insurer reserves the right to refuse any renewal shall have, at the beginning of the above provision,

Unless not less than five days prior to the premium due date the insurer has delivered to the insured or has mailed to the insured's last address as shown by the records of the insurer written notice of its intention not to renew this policy beyond the period for which the premium has been accepted.

(b) For qualified health plans sold through the Minnesota Insurance Marketplace to individuals receiving advance payments of the premium tax credit, a grace period provision must be included that complies with the Affordable Care Act and is no less restrictive than the grace period required by the Affordable Care Act.

(4) A provision as follows:

REINSTATEMENT: If any renewal premium be not paid within the time granted the insured for payment, a subsequent acceptance of premium by the insurer or by any agent duly authorized by the insurer to accept such premium, without requiring in connection therewith an application for reinstatement, shall reinstate the policy. If

the insurer or such agent requires an application for reinstatement and issues a conditional receipt for the premium tendered, the policy will be reinstated upon approval of such application by the insurer or, lacking such approval, upon the forty-fifth day following the date of such conditional receipt unless the insurer has previously notified the insured in writing of its disapproval of such application. For health plans described in section 62A.011, subdivision 3, clause (10), an insurer must accept payment of a renewal premium and reinstate the policy, if the insured applies for reinstatement no later than 60 days after the due date for the premium payment, unless:

(1) the insured has in the interim left the state or the insurer's service area; or

(2) the insured has applied for reinstatement on two or more prior occasions.

The reinstated policy shall cover only loss resulting from such accidental injury as may be sustained after the date of reinstatement and loss due to such sickness as may begin more than ten days after such date. In all other respects the insured and insurer shall have the same rights thereunder as they had under the policy immediately before the due date of the defaulted premium, subject to any provisions endorsed hereon or attached hereto in connection with the reinstatement. Any premium accepted in connection with a reinstatement shall be applied to a period for which premium has not been previously paid, but not to any period more than 60 days prior to the date of reinstatement. The last sentence of the above provision may be omitted from any policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (1) until at least age 50, or, (2) in the case of a policy issued after age 44, for at least five years from its date of issue.

(5) A provision as follows:

NOTICE OF CLAIM: Written notice of claim must be given to the insurer within 20 days after the occurrence or commencement of any loss covered by the policy, or as soon thereafter as is reasonably possible. Notice given by or on behalf of the insured or the beneficiary to the insurer at ..... (insert the location of such office as the insurer may designate for the purpose), or to any authorized agent of the insurer, with information sufficient to identify the insured, shall be deemed notice to the insurer.

In a policy providing a loss-of-time benefit which may be payable for at least two years, an insurer may at its option insert the following between the first and second sentences of the above provision:

Subject to the qualifications set forth below, if the insured suffers loss of time on account of disability for which indemnity may be payable for at least two years, the insured shall, at least once in every six months after having given notice of claim, give to the insurer notice of continuance of said disability, except in the event of legal incapacity. The period of six months following any filing of proof by the insured or any payment by the insurer on account of such claim or any denial of liability in whole or in part by the insurer shall be excluded in applying this provision. Delay in the giving of such notice shall not impair the insured's right to any indemnity which would otherwise have accrued during the period of six months preceding the date on which such notice is actually given.

(6) A provision as follows:

CLAIM FORMS: The insurer, upon receipt of a notice of claim, will furnish to the claimant such forms as are usually furnished by it for filing proofs of loss. If such forms are not furnished within 15 days after the giving of such notice the claimant shall be deemed to have complied with the requirements of this policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, the character and the extent of the loss for which claim is made.

(7) A provision as follows:

PROOFS OF LOSS: Written proof of loss must be furnished to the insurer at its said office in case of claim for loss for which this policy provides any periodic payment contingent upon continuing loss within 90 days after the termination of the period for which the insurer is liable and in case of claim for any other loss within 90 days after the date of such loss. Failure to furnish such proof within the time required shall not invalidate nor reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than one year from the time proof is otherwise required.

(8) A provision as follows:

TIME OF PAYMENT OF CLAIMS: Indemnities payable under this policy for any loss other than loss for which this policy provides periodic payment will be paid immediately upon receipt of due written proof of such loss. Subject to due written proof of loss, all accrued indemnities for loss for which this policy provides periodic payment will be paid ..... (insert period for payment which must not be less frequently than monthly) and any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof.

(9) A provision as follows:

PAYMENT OF CLAIMS: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting such payment which may be prescribed herein and effective at the time of payment. If no such designation or provision is then effective, such indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid at the insured's death may, at the option of the insurer, be paid either to such beneficiary or to such estate. All other indemnities will be payable to the insured.

The following provisions, or either of them, may be included with the foregoing provision at the option of the insurer:

If any indemnity of this policy shall be payable to the estate of the insured, or to an insured or beneficiary who is a minor or otherwise not competent to give a valid release, the insurer may pay such indemnity, up to an amount not exceeding $..... (insert an amount which shall not exceed $1,000), to any relative by blood or connection by marriage of the insured or beneficiary who is deemed by the insurer to be equitably entitled thereto. Any payment made by the insurer in good faith pursuant to this provision shall fully discharge the insurer to the extent of such payment.

Subject to any written direction of the insured in the application or otherwise all or a portion of any indemnities provided by this policy on account of hospital, nursing, medical, or surgical services may, at the insurer's option and unless the insured requests otherwise in writing not later than the time of filing proofs of such loss, be paid directly to the hospital or person rendering such services; but it is not required that the service be rendered by a particular hospital or person.

(10) A provision as follows:

PHYSICAL EXAMINATIONS AND AUTOPSY: The insurer at its own expense shall have the right and opportunity to examine the person of the insured when and as often as it may reasonably require during the pendency of a claim hereunder and to make an autopsy in case of death where it is not forbidden by law.

(11) A provision as follows:

LEGAL ACTIONS: No action at law or in equity shall be brought to recover on this policy prior to the expiration of 60 days after written proof of loss has been furnished in accordance with the requirements of this policy. No such action shall be brought after the expiration of three years after the time written proof of loss is required to be furnished.

(12) A provision as follows:

CHANGE OF BENEFICIARY: Unless the insured makes an irrevocable designation of beneficiary, the right to change of beneficiary is reserved to the insured and the consent of the beneficiary or beneficiaries shall not be requisite to surrender or assignment of this policy or to any change of beneficiary or beneficiaries, or to any other changes in this policy. The first clause of this provision, relating to the irrevocable designation of beneficiary, may be omitted at the insurer's option.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 15. Minnesota Statutes 2012, section 62A.047, is amended to read:

62A.047 CHILDREN'S HEALTH SUPERVISION SERVICES AND PRENATAL CARE SERVICES.

A policy of individual or group health and accident insurance regulated under this chapter, or individual or group subscriber contract regulated under chapter 62C, health maintenance contract regulated under chapter 62D, or health benefit certificate regulated under chapter 64B, issued, renewed, or continued to provide coverage to a Minnesota resident, must provide coverage for child health supervision services and prenatal care services. The policy, contract, or certificate must specifically exempt reasonable and customary charges for child health supervision services and prenatal care services from a deductible, co-payment, or other coinsurance or dollar limitation requirement. Nothing in this section prohibits a health carrier that has a network of providers from imposing a deductible, co-payment, or other coinsurance or dollar limitation requirement for child health supervision services and prenatal care services that are delivered by an out-of-network provider. This section does not prohibit the use of policy waiting periods ~~or preexisting condition limitations~~ for these services. Minimum benefits may be limited to one visit payable to one provider for all of the services provided at each visit cited in this section subject to the schedule set forth in this section. Nothing in this section applies to a policy designed primarily to provide coverage payable on a per diem, fixed indemnity, or non-expense-incurred basis, or a policy that provides only accident coverage. A policy, contract, or certificate described under this section may not apply to preexisting condition limitations to individuals under 19 years of age. This section does not apply to individual coverage under a grandfathered plan.

"Child health supervision services" means pediatric preventive services, appropriate immunizations, developmental assessments, and laboratory services appropriate to the age of a child from birth to age six, and appropriate immunizations from ages six to 18, as defined by Standards of Child Health Care issued by the American Academy of Pediatrics. Reimbursement must be made for at least five child health supervision visits from birth to 12 months, three child health supervision visits from 12 months to 24 months, once a year from 24 months to 72 months.

"Prenatal care services" means the comprehensive package of medical and psychosocial support provided throughout the pregnancy, including risk assessment, serial surveillance, prenatal education, and use of specialized skills and technology, when needed, as defined by Standards for Obstetric-Gynecologic Services issued by the American College of Obstetricians and Gynecologists.

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

Sec. 16. Minnesota Statutes 2012, section 62A.049, is amended to read:

62A.049 LIMITATION ON PREAUTHORIZATIONS; EMERGENCIES.

No policy of accident and sickness insurance or group subscriber contract regulated under chapter 62C issued or renewed in this state may contain a provision that makes an insured person ineligible to receive full benefits because of the insured's failure to obtain preauthorization, if that failure occurs because of the need for emergency

confinement or emergency treatment. The insured or an authorized representative of the insured shall notify the insurer as soon after the beginning of emergency confinement or emergency treatment as reasonably possible. However, to the extent that the insurer suffers actual prejudice caused by the failure to obtain preauthorization, the insured may be denied all or part of the insured's benefits. ~~This provision does not apply to admissions for treatment of chemical dependency and nervous and mental disorders.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 17. Minnesota Statutes 2012, section 62A.136, is amended to read:

62A.136 HEARING, DENTAL, AND VISION PLAN COVERAGE.

The following provisions do not apply to health plans as defined in section 62A.011, subdivision 3, clause (6), providing hearing, dental, or vision coverage only: sections 62A.041; 62A.0411; 62A.047; 62A.149; 62A.151; 62A.152; 62A.154; 62A.155; 62A.17, subdivision 6; 62A.21, subdivision 2b; 62A.26; 62A.28; 62A.285; 62A.30; 62A.304; and 62A.3093~~; and 62E.16~~.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 18. Minnesota Statutes 2012, section 62A.149, subdivision 1, is amended to read:

Subdivision 1. **Application.** The provisions of this section apply to all group policies of accident and health insurance and group subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C, and to a plan or policy that is individually underwritten or provided for a specific individual and family members as a nongroup policy ~~unless the individual elects in writing to refuse benefits under this subdivision in exchange for an appropriate reduction in premiums or subscriber charges under the policy or plan~~, when the policies or subscriber contracts are issued or delivered in Minnesota or provide benefits to Minnesota residents enrolled thereunder.

This section does not apply to policies designed primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis or policies that provide accident only coverage.

Every insurance policy or subscriber contract included within the provisions of this subdivision, upon issuance or renewal, shall provide coverage that complies with the requirements of section 62Q.47, paragraphs (b) and (c), for the treatment of alcoholism, chemical dependency or drug addiction to any Minnesota resident entitled to coverage.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 19. Minnesota Statutes 2012, section 62A.17, subdivision 2, is amended to read:

Subd. 2. **Responsibility of employee.** Every covered employee electing to continue coverage shall pay the former employer, on a monthly basis, the cost of the continued coverage. The policy, contract, or plan must require the group policyholder or contract holder to, upon request, provide the employee with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. If the policy, contract, or health care plan is administered by a trust, every covered employee electing to continue coverage shall pay the trust the cost of continued coverage according to the eligibility rules established by the trust. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for similarly situated employees with respect to whom neither termination nor layoff has occurred, without regard to whether such cost is paid by the employer or employee. The employee shall be eligible to continue the coverage until the employee becomes covered under another group health plan, or for a period of 18 months after the termination of or lay off from employment, whichever is shorter. For an individual age 19 or older, if the employee becomes covered under another group policy, contract, or health plan and the new group policy,

contract, or health plan contains any preexisting condition limitations, the employee may, subject to the 18-month maximum continuation limit, continue coverage with the former employer until the preexisting condition limitations have been satisfied. The new policy, contract, or health plan is primary except as to the preexisting condition. In the case of a newborn child who is a dependent of the employee, the new policy, contract, or health plan is primary upon the date of birth of the child, regardless of which policy, contract, or health plan coverage is deemed primary for the mother of the child.

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

Sec. 20. Minnesota Statutes 2012, section 62A.17, subdivision 6, is amended to read:

Subd. 6. **Conversion to individual policy.** ~~A group insurance policy that provides posttermination or layoff coverage as required by this section shall also include a provision allowing a covered employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided by subdivision 2 to obtain from the insurer offering the group policy or group subscriber contract, at the employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual policy of insurance or an individual subscriber contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, and a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. The required conversion contract must treat pregnancy the same as any other covered illness under the conversion contract. A health maintenance contract issued by a health maintenance organization that provides posttermination or layoff coverage as required by this section shall also include a provision allowing a former employee, surviving spouse, or dependent at the expiration of the posttermination or layoff coverage provided in subdivision 2 to obtain from the health maintenance organization, at the former employee's, spouse's, or dependent's option and expense, without further evidence of insurability and without interruption of coverage, an individual health maintenance contract. Effective January 1, 1985, enrollees who have become nonresidents of the health maintenance organization's service area shall be given the option, to be arranged by the health maintenance organization, of a number three qualified plan, a number two qualified plan, or a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3. This option shall be made available at the enrollee's expense, without further evidence of insurability and without interruption of coverage.~~

~~A policy providing reduced benefits at a reduced premium rate may be accepted by the employee, the spouse, or a dependent in lieu of the optional coverage otherwise required by this subdivision.~~

~~The~~ An individual policy or contract issued as a conversion policy prior to January 1, 2014, shall be renewable at the option of the individual as long as the individual is not covered under another qualified plan as defined in section 62E.02, subdivision 4. Any revisions in the table of rate for the individual policy shall apply to the covered person's original age at entry and shall apply equally to all similar conversion policies issued by the insurer.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 21. Minnesota Statutes 2012, section 62A.21, subdivision 2b, is amended to read:

Subd. 2b. **Conversion privilege.** ~~Every policy described in subdivision 1 shall contain a provision allowing a former spouse and dependent children of an insured, without providing evidence of insurability, to obtain from the insurer at the expiration of any continuation of coverage required under subdivision 2a or sections 62A.146 and 62A.20, conversion coverage providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the insurer within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate premium. The~~ An

individual policy or contract issued as a conversion policy prior to January 1, 2014, shall be renewable at the option of the covered person as long as the covered person is not covered under another qualified plan as defined in section 62E.02, subdivision 4. Any revisions in the table of rate for the individual policy shall apply to the covered person's original age at entry and shall apply equally to all similar conversion policies issued by the insurer.

~~A policy providing reduced benefits at a reduced premium rate may be accepted by the covered person in lieu of the optional coverage otherwise required by this subdivision.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 22. Minnesota Statutes 2012, section 62A.28, subdivision 2, is amended to read:

Subd. 2. **Required coverage.** Every policy, plan, certificate, or contract referred to in subdivision 1 issued or renewed after August 1, 1987, must provide coverage for scalp hair prostheses worn for hair loss suffered as a result of alopecia areata.

The coverage required by this section is subject to the co-payment, coinsurance, deductible, and other enrollee cost-sharing requirements that apply to similar types of items under the policy, plan, certificate, or contract~~, and is limited to a maximum of $350 in any benefit year~~ and may be limited to one prosthesis per benefit year.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 23. Minnesota Statutes 2012, section 62A.302, is amended to read:

62A.302 COVERAGE OF DEPENDENTS.

Subdivision 1. **Scope of coverage.** This section applies to:

(1) a health plan as defined in section 62A.011; and

~~(2) coverage described in section 62A.011, subdivision 3, clauses (4), (6), (7), (8), (9), and (10); and~~

~~(3)~~ (2) a policy, contract, or certificate issued by a community integrated service network licensed under chapter 62N.

Subd. 2. **Required coverage.** Every health plan included in subdivision 1 that provides dependent coverage must define "dependent" no more restrictively than the definition provided in section 62L.02, subdivision 11.

Subd. 3. **No additional restrictions permitted.** Any health plan included in subdivision 1 that provides dependent coverage of children shall make that coverage available to children until the child attains 26 years of age. A health carrier must not place restrictions on this coverage and must comply with the following requirements:

(1) with respect to a child who has not attained 26 years of age, a health carrier shall not define dependent for purposes of eligibility for dependent coverage of children other than the terms of a relationship between a child and the enrollee or spouse of the enrollee;

(2) a health carrier must not deny or restrict coverage for a child who has not attained 26 years of age based on (i) the presence or absence of the child's financial dependency upon the participant, primary subscriber, or any other person; (ii) residency with the participant and in the individual market the primary subscriber, or with any other person; (iii) marital status; (iv) student status; (v) employment; or (vi) any combination of those factors; and

(3) a health carrier must not deny or restrict coverage of a child based on eligibility for other coverage, except as provided in subdivision 5.

Subd. 4. **Grandchildren.** Nothing in this section requires a health carrier to make coverage available for a grandchild, unless the grandparent becomes the legal guardian or adoptive parent of that grandchild or unless the grandchild meets the requirements of section 62A.042. For grandchildren included under a grandparent's policy pursuant to section 62A.042, coverage for the grandchild may terminate if the grandchild does not continue to reside with the covered grandparent continuously from birth, if the grandchild does not remain financially dependent upon the covered grandparent, or when the grandchild reaches age 25, except as provided in section 62A.14 or if coverage is continued under section 62A.20.

Subd. 5. **Terms of coverage of dependents.** The terms of coverage in a health plan offered by a health carrier providing dependent coverage of children cannot vary based on age except for children who are 26 years of age or older.

Subd. 6. **Opportunity to enroll.** A health carrier must comply with all provisions of the Affordable Care Act in regards to providing an opportunity to enroll in coverage to any child whose coverage ended, or was not eligible for coverage under a group health plan or individual health plan because, under the terms of the coverage, the availability of dependent coverage of a child ended before age 26. This section does not require compliance with any provision of the Affordable Care Act before the effective date provided for that provision in the Affordable Care Act. The commissioner shall enforce this section.

Subd. 7. **Grandfathered plan coverage.** (a) For plan years beginning before January 1, 2014, a group health plan that is a grandfathered plan and makes available dependent coverage of children may exclude an adult child who has not attained 26 years of age from coverage only if the adult child is eligible to enroll in an eligible employer-sponsored health benefit plan, as defined in section 5000A(f)(2) of the Internal Revenue Code, other than the group health plan of a parent.

(b) For plan years beginning on or after January 1, 2014, a group health plan that is grandfathered plan coverage shall comply with all requirements of this section.

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

Sec. 24. **[62A.3021] COVERAGE OF DEPENDENTS BY PLANS OTHER THAN HEALTH PLANS.**

Subdivision 1. **Scope of coverage.** This section applies to coverage described in section 62A.011, subdivision 3, clauses (4), (6), (7), (8), (9), and (10).

Subd. 2. **Dependent.** "Dependent" means an eligible employee's spouse, unmarried child who is under the age of 25, dependent child of any age who is disabled and who meets the eligibility criteria in section 62A.14, subdivision 2, or any other person whom state or federal law requires to be treated as a dependent for purposes of health plans. For the purpose of this definition, a child includes a child for whom the employee or the employee's spouse has been appointed legal guardian and an adoptive child as provided in section 62A.27. A child also includes grandchildren as provided in section 62A.042 with continued eligibility of grandchildren as provided in section 62A.302, subdivision 4.

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

Sec. 25. Minnesota Statutes 2012, section 62A.615, is amended to read:

62A.615 PREEXISTING CONDITIONS DISCLOSED AT TIME OF APPLICATION.

No insurer may cancel or rescind a health insurance policy for a preexisting condition of which the application or other information provided by the insured reasonably gave the insurer notice. No insurer may restrict coverage for a preexisting condition of which the application or other information provided by the insured reasonably gave the insurer notice unless the coverage is restricted at the time the policy is issued and the restriction is disclosed in writing to the insured at the time the policy is issued. In addition, no health plan may restrict coverage for a preexisting condition for an individual who is under 19 years of age. This section does not apply to individual health plans that are grandfathered plans.

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

Sec. 26. Minnesota Statutes 2012, section 62A.65, subdivision 3, is amended to read:

Subd. 3. **Premium rate restrictions.** No individual health plan may be offered, sold, issued, or renewed to a Minnesota resident unless the premium rate charged is determined in accordance with the following requirements:

~~(a) Premium rates must be no more than 25 percent above and no more than 25 percent below the index rate charged to individuals for the same or similar coverage, adjusted pro rata for rating periods of less than one year. The premium variations permitted by this paragraph must be based only upon health status, claims experience, and occupation. For purposes of this paragraph, health status includes refraining from tobacco use or other actuarially valid lifestyle factors associated with good health, provided that the lifestyle factor and its effect upon premium rates have been determined by the commissioner to be actuarially valid and have been approved by the commissioner. Variations permitted under this paragraph must not be based upon age or applied differently at different ages. This paragraph does not prohibit use of a constant percentage adjustment for factors permitted to be used under this paragraph.~~

~~(b)~~ (a) Premium rates may vary based upon the ages of covered persons ~~only as provided in this paragraph. In addition to the variation permitted under paragraph (a), each health carrier may use an additional premium variation based upon age of up to plus or minus 50 percent of the index rate~~ in accordance with the provisions of the Affordable Care Act.

~~(c) A health carrier may request approval by the commissioner to establish separate geographic regions determined by the health carrier and to establish separate index rates for each such region.~~

(b) Premium rates may vary based upon geographic rating area. The commissioner shall grant approval if the following conditions are met:

(1) ~~the geographic regions must be applied uniformly by the health carrier~~ the areas are established in accordance with the Affordable Care Act;

(2) each geographic region must be composed of no fewer than seven counties that create a contiguous region; and

(3) the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in ~~index rates~~ premium rates for each area, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage.

~~(d) Health carriers may use rate cells and must file with the commissioner the rate cells they use. Rate cells must be based upon the number of adults or children covered under the policy and may reflect the availability of Medicare coverage. The rates for different rate cells must not in any way reflect generalized differences in expected costs between principal insureds and their spouses.~~

(c) Premium rates may vary based upon tobacco use, in accordance with the provisions of the Affordable Care Act.

~~(c)~~ (d) In developing its ~~index rates and~~ premiums for a health plan, a health carrier shall take into account only the following factors:

(1) actuarially valid differences in rating factors permitted under paragraphs (a) and ~~(b)~~ (c); and

(2) actuarially valid geographic variations if approved by the commissioner as provided in paragraph ~~(c)~~ (b).

(e) The premium charged with respect to any particular individual health plan shall not be adjusted more frequently than annually or January 1 of the year following initial enrollment, except that the premium rates may be changed to reflect:

(1) changes to the family composition of the policyholder;

(2) changes in geographic rating area of the policyholder, as provided in paragraph (b);

(3) changes in age, as provided in paragraph (a);

(4) changes in tobacco use, as provided in paragraph (c);

(5) transfer to a new health plan requested by the policyholder; or

(6) other changes required by or otherwise expressly permitted by state or federal law or regulations.

(f) All premium variations must be justified in initial rate filings and upon request of the commissioner in rate revision filings. All rate variations are subject to approval by the commissioner.

(g) The loss ratio must comply with the section 62A.021 requirements for individual health plans.

(h) The rates must not be approved, unless the commissioner has determined that the rates are reasonable. In determining reasonableness, the commissioner shall consider the growth rates applied under section 62J.04, subdivision 1, paragraph (b), to the calendar year or years that the proposed premium rate would be in effect~~,~~ and actuarially valid changes in risks associated with the enrollee populations~~, and actuarially valid changes as a result of statutory changes in Laws 1992, chapter 549~~.

(i) ~~An insurer~~ A health carrier may, as part of a minimum lifetime loss ratio guarantee filing under section 62A.02, subdivision 3a, include a rating practices guarantee as provided in this paragraph. The rating practices guarantee must be in writing and must guarantee that the policy form will be offered, sold, issued, and renewed only with premium rates and premium rating practices that comply with subdivisions 2, 3, 4, and 5. The rating practices guarantee must be accompanied by an actuarial memorandum that demonstrates that the premium rates and premium rating system used in connection with the policy form will satisfy the guarantee. The guarantee must guarantee refunds of any excess premiums to policyholders charged premiums that exceed those permitted under subdivision 2, 3, 4, or 5. ~~An insurer~~ A health carrier that complies with this paragraph in connection with a policy form is exempt from the requirement of prior approval by the commissioner under paragraphs ~~(c)~~ (b), (f), and (h).

(j) The commissioner may establish regulations to implement the provisions of this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 27. Minnesota Statutes 2012, section 62A.65, is amended by adding a subdivision to read:

Subd. 3a. **Disclosure.** (a) In connection with the offering for sale of a health plan in the individual market, a health carrier shall make a reasonable disclosure, as part of its solicitation and sales materials, of all of the following:

(1) the provisions of the coverage concerning the health carrier's right to change premium rates and the factors that may affect changes in premium rates; and

(2) a listing of and descriptive information, including benefits and premiums, about all individual health plans actively marketed by the health carrier and the availability of the individual health plans for which the individual is qualified.

(b) Paragraph (a), clause (1), may be satisfied by referring individuals to the Health and Human Services Web portal, as defined under the Affordable Care Act.

Sec. 28. Minnesota Statutes 2012, section 62A.65, is amended by adding a subdivision to read:

Subd. 3b. **Single risk pool.** A health carrier shall consider all enrollees in all health plans, other than short-term and grandfathered plan coverage, offered by the health carrier in the individual market, including those enrollees who enroll in qualified health plans offered through the Minnesota Insurance Marketplace, to be members of a single risk pool.

Sec. 29. Minnesota Statutes 2012, section 62A.65, subdivision 5, is amended to read:

Subd. 5. **Portability and conversion of coverage.** (a) For plan years beginning on or after January 1, 2014, no individual health plan may be offered, sold, issued, or ~~with respect to children age 18 or under~~ renewed, to a Minnesota resident that contains a preexisting condition limitation, preexisting condition exclusion, or exclusionary rider~~, unless the limitation or exclusion is permitted under this subdivision and under chapter 62L, provided that, except for children age 18 or under, underwriting restrictions may be retained on individual contracts that are issued without evidence of insurability as a replacement for prior individual coverage that was sold before May 17, 1993~~. ~~The~~ An individual age 19 or older may be subjected to an 18-month preexisting condition limitation during plan years beginning prior to January 1, 2014, unless the individual has maintained continuous coverage as defined in section 62L.02. The individual must not be subjected to an exclusionary rider. During plan years beginning prior to January 1, 2014, an individual who is age 19 or older and who has maintained continuous coverage may be subjected to a onetime preexisting condition limitation of up to 12 months, with credit for time covered under qualifying coverage as defined in section 62L.02, at the time that the individual first is covered under an individual health plan by any health carrier. Credit must be given for all qualifying coverage with respect to all preexisting conditions, regardless of whether the conditions were preexisting with respect to any previous qualifying coverage. The individual must not be subjected to an exclusionary rider. Thereafter, the individual who is age 19 or older must not be subject to any preexisting condition limitation, preexisting condition exclusion, or exclusionary rider under an individual health plan by any health carrier, except an unexpired portion of a limitation under prior coverage, so long as the individual maintains continuous coverage as defined in section 62L.02. The prohibition on preexisting condition limitations for children age 18 or under does not apply to individual health plans that are grandfathered plans. The prohibition on preexisting condition limitations for adults age 19 and over beginning for plan years on or after January 1, 2014, does not apply to individual health plans that are grandfathered plans.

(b) A health carrier must offer an individual health plan to any individual previously covered under a group health plan issued by that health carrier, regardless of the size of the group, so long as the individual maintained continuous coverage as defined in section 62L.02. If the individual has available any continuation coverage provided under sections 62A.146; 62A.148; 62A.17, subdivisions 1 and 2; 62A.20; 62A.21; 62C.142; 62D.101; or 62D.105, or continuation coverage provided under federal law, the health carrier need not offer coverage under this paragraph until the individual has exhausted the continuation coverage. The offer must not be subject to

underwriting, except as permitted under this paragraph. A health plan issued under this paragraph must be a qualified plan as defined in section 62E.02 and must not contain any preexisting condition limitation, preexisting condition exclusion, or exclusionary rider, except for any unexpired limitation or exclusion under the previous coverage. The individual health plan must cover pregnancy on the same basis as any other covered illness under the individual health plan. The offer of coverage by the health carrier must inform the individual that the coverage, including what is covered and the health care providers from whom covered care may be obtained, may not be the same as the individual's coverage under the group health plan. The offer of coverage by the health carrier must also inform the individual that the individual, if a Minnesota resident, may be eligible to obtain coverage from (i) other private sources of health coverage, or (ii) the Minnesota Comprehensive Health Association, without a preexisting condition limitation, and must provide the telephone number used by that association for enrollment purposes. The initial premium rate for the individual health plan must comply with subdivision 3. The premium rate upon renewal must comply with subdivision 2. In no event shall the premium rate exceed 100 percent of the premium charged for comparable individual coverage by the Minnesota Comprehensive Health Association, and the premium rate must be less than that amount if necessary to otherwise comply with this section. ~~An individual health plan offered under this paragraph to a person satisfies the health carrier's obligation to offer conversion coverage under section 62E.16, with respect to that person.~~ Coverage issued under this paragraph must provide that it cannot be canceled or nonrenewed as a result of the health carrier's subsequent decision to leave the individual, small employer, or other group market. Section 72A.20, subdivision 28, applies to this paragraph.

EFFECTIVE DATE. This section is effective the day following final enactment, except that the amendment to paragraph (b) is effective January 1, 2014.

Sec. 30. Minnesota Statutes 2012, section 62A.65, subdivision 6, is amended to read:

Subd. 6. **Guaranteed issue ~~not~~ required.** (a) Nothing in this section requires a health carrier to initially issue a health plan to a Minnesota resident who is age 19 or older on the date the health plan becomes effective if the effective date is prior to January 1, 2014, except as otherwise expressly provided in subdivision 4 or 5.

(b) Guaranteed issue is required for all health plans, except grandfathered plans, beginning January 1, 2014.

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

Sec. 31. Minnesota Statutes 2012, section 62A.65, subdivision 7, is amended to read:

Subd. 7. **Short-term coverage.** (a) For purposes of this section, "short-term coverage" means an individual health plan that:

(1) is issued to provide coverage for a period of 185 days or less, except that the health plan may permit coverage to continue until the end of a period of hospitalization for a condition for which the covered person was hospitalized on the day that coverage would otherwise have ended;

(2) is nonrenewable, provided that the health carrier may provide coverage for one or more subsequent periods that satisfy clause (1), if the total of the periods of coverage do not exceed a total of 365 days out of any 555-day period, plus any additional days covered as a result of hospitalization on the day that a period of coverage would otherwise have ended;

(3) does not cover any preexisting conditions, including ones that originated during a previous identical policy or contract with the same health carrier where coverage was continuous between the previous and the current policy or contract; and

(4) is available with an immediate effective date without underwriting upon receipt of a completed application indicating eligibility under the health carrier's eligibility requirements, provided that coverage that includes optional benefits may be offered on a basis that does not meet this requirement.

(b) Short-term coverage is not subject to subdivisions 2 and 5. Short-term coverage may exclude as a preexisting condition any injury, illness, or condition for which the covered person had medical treatment, symptoms, or any manifestations before the effective date of the coverage, but dependent children born or placed for adoption during the policy period must not be subject to this provision.

(c) Notwithstanding subdivision 3, and section 62A.021, a health carrier may combine short-term coverage with its most commonly sold individual qualified plan, as defined in section 62E.02, other than short-term coverage, for purposes of complying with the loss ratio requirement.

(d) The 365-day coverage limitation provided in paragraph (a) applies to the total number of days of short-term coverage that covers a person, regardless of the number of policies, contracts, or health carriers that provide the coverage. A written application for short-term coverage must ask the applicant whether the applicant has been covered by short-term coverage by any health carrier within the 555 days immediately preceding the effective date of the coverage being applied for. Short-term coverage issued in violation of the 365-day limitation is valid until the end of its term and does not lose its status as short-term coverage, in spite of the violation. A health carrier that knowingly issues short-term coverage in violation of the 365-day limitation is subject to the administrative penalties otherwise available to the commissioner of commerce or the commissioner of health, as appropriate.

~~(e) Time spent under short-term coverage counts as time spent under a preexisting condition limitation for purposes of group or individual health plans, other than short-term coverage, subsequently issued to that person, or to cover that person, by any health carrier, if the person maintains continuous coverage as defined in section 62L.02. Short-term coverage is a health plan and is qualifying coverage as defined in section 62L.02. Notwithstanding any other law to the contrary, a health carrier is not required under any circumstances to provide a person covered by short-term coverage the right to obtain coverage on a guaranteed issue basis under another health plan offered by the health carrier, as a result of the person's enrollment in short-term coverage.~~

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

Sec. 32. Minnesota Statutes 2012, section 62C.14, subdivision 5, is amended to read:

Subd. 5. **Disabled dependents.** A subscriber's individual contract or any group contract delivered or issued for delivery in this state and providing that coverage of a dependent child of the subscriber or a dependent child of a covered group member shall terminate upon attainment of a specified limiting age as defined in section 62Q.01, subdivision 9, shall also provide in substance that attainment of that age shall not terminate coverage while the child is (a) incapable of self-sustaining employment by reason of developmental disability, mental illness or disorder, or physical disability, and (b) chiefly dependent upon the subscriber or employee for support and maintenance, provided proof of incapacity and dependency is furnished by the subscriber within 31 days of attainment of the limiting age as defined in section 62Q.01, subdivision 9, and subsequently as required by the corporation, but not more frequently than annually after a two-year period following attainment of the age. Any notice regarding termination of coverage due to attainment of the limiting age must include information about this provision.

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

Sec. 33. Minnesota Statutes 2012, section 62C.142, subdivision 2, is amended to read:

Subd. 2. **Conversion privilege.** ~~Every subscriber contract, other than a contract whose continuance is contingent upon continued employment or membership, which contains a provision for termination of coverage of the spouse upon dissolution of marriage shall contain a provision allowing a former spouse and dependent children of a subscriber, without providing evidence of insurability, to obtain from the corporation at the expiration of any~~

~~continuation of coverage required under subdivision 2a or section 62A.146, or upon termination of coverage by reason of an entry of a valid decree of dissolution which does not require the insured to provide continued coverage for the former spouse, an individual subscriber contract providing at least the minimum benefits of a qualified plan as prescribed by section 62E.06 and the option of a number three qualified plan, a number two qualified plan, a number one qualified plan as provided by section 62E.06, subdivisions 1 to 3, provided application is made to the corporation within 30 days following notice of the expiration of the continued coverage and upon payment of the appropriate fee. A subscriber contract providing reduced benefits at a reduced fee may be accepted by the former spouse and dependent children in lieu of the optional coverage otherwise required by this subdivision. The~~ An individual subscriber contract issued as conversion coverage shall be renewable at the option of the former spouse as long as the former spouse is not covered under another qualified plan as defined in section 62E.02, subdivision 4. Any revisions in the table of rate for the individual subscriber contract shall apply to the former spouse's original age at entry and shall apply equally to all similar contracts issued as conversion coverage by the corporation.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 34. Minnesota Statutes 2012, section 62D.07, subdivision 3, is amended to read:

Subd. 3. **Required provisions.** Contracts and evidences of coverage shall contain:

(a) no provisions or statements which are unjust, unfair, inequitable, misleading, deceptive, or which are untrue, misleading, or deceptive as defined in section 62D.12, subdivision 1;

(b) a clear, concise and complete statement of:

(1) the health care services and the insurance or other benefits, if any, to which the enrollee is entitled under the health maintenance contract;

(2) any exclusions or limitations on the services, kind of services, benefits, or kind of benefits, to be provided, including any deductible or co-payment feature and requirements for referrals, prior authorizations, and second opinions;

(3) where and in what manner information is available as to how services, including emergency and out of area services, may be obtained;

(4) the total amount of payment and co-payment, if any, for health care services and the indemnity or service benefits, if any, which the enrollee is obligated to pay with respect to individual contracts, or an indication whether the plan is contributory or noncontributory with respect to group certificates; and

(5) a description of the health maintenance organization's method for resolving enrollee complaints and a statement identifying the commissioner as an external source with whom complaints may be registered; and

(c) on the cover page of the evidence of coverage and contract, a clear and complete statement of enrollees' rights. The statement must be in bold print and captioned "Important Enrollee Information and Enrollee Bill of Rights" and must include but not be limited to the following provisions in the following language or in substantially similar language approved in advance by the commissioner, except that paragraph (8) does not apply to prepaid health plans providing coverage for programs administered by the commissioner of human services:

ENROLLEE INFORMATION

(1) COVERED SERVICES: Services provided by (name of health maintenance organization) will be covered only if services are provided by participating (name of health maintenance organization) providers or authorized by (name of health maintenance organization). Your contract fully defines what services are covered and describes procedures you must follow to obtain coverage.

(2) PROVIDERS: Enrolling in (name of health maintenance organization) does not guarantee services by a particular provider on the list of providers. When a provider is no longer part of (name of health maintenance organization), you must choose among remaining (name of the health maintenance organization) providers.

(3) REFERRALS: Certain services are covered only upon referral. See section (section number) of your contract for referral requirements. All referrals to non-(name of health maintenance organization) providers and certain types of health care providers must be authorized by (name of health maintenance organization).

(4) EMERGENCY SERVICES: Emergency services from providers who are not affiliated with (name of health maintenance organization) will be covered ~~only if proper procedures are followed~~. Your contract explains the procedures and benefits associated with emergency care from (name of health maintenance organization) and non-(name of health maintenance organization) providers.

(5) EXCLUSIONS: Certain services or medical supplies are not covered. You should read the contract for a detailed explanation of all exclusions.

(6) CONTINUATION: You may convert to an individual health maintenance organization contract or continue coverage under certain circumstances. These continuation and conversion rights are explained fully in your contract.

(7) CANCELLATION: Your coverage may be canceled by you or (name of health maintenance organization) only under certain conditions. Your contract describes all reasons for cancellation of coverage.

(8) NEWBORN COVERAGE: If your health plan provides for dependent coverage, a newborn infant is covered from birth, but only if services are provided by participating (name of health maintenance organization) providers or authorized by (name of health maintenance organization). Certain services are covered only upon referral. (Name of health maintenance organization) will not automatically know of the infant's birth or that you would like coverage under your plan. You should notify (name of health maintenance organization) of the infant's birth and that you would like coverage. If your contract requires an additional premium for each dependent, (name of health maintenance organization) is entitled to all premiums due from the time of the infant's birth until the time you notify (name of health maintenance organization) of the birth. (Name of health maintenance organization) may withhold payment of any health benefits for the newborn infant until any premiums you owe are paid.

(9) PRESCRIPTION DRUGS AND MEDICAL EQUIPMENT: Enrolling in (name of health maintenance organization) does not guarantee that any particular prescription drug will be available nor that any particular piece of medical equipment will be available, even if the drug or equipment is available at the start of the contract year.

ENROLLEE BILL OF RIGHTS

(1) Enrollees have the right to available and accessible services including emergency services, as defined in your contract, 24 hours a day and seven days a week;

(2) Enrollees have the right to be informed of health problems, and to receive information regarding treatment alternatives and risks which is sufficient to assure informed choice;

(3) Enrollees have the right to refuse treatment, and the right to privacy of medical and financial records maintained by the health maintenance organization and its health care providers, in accordance with existing law;

(4) Enrollees have the right to file a complaint with the health maintenance organization and the commissioner of health and the right to initiate a legal proceeding when experiencing a problem with the health maintenance organization or its health care providers;

(5) Enrollees have the right to a grace period of 31 days for the payment of each premium for an individual health maintenance contract falling due after the first premium during which period the contract shall continue in force;

(6) Medicare enrollees have the right to voluntarily disenroll from the health maintenance organization and the right not to be requested or encouraged to disenroll except in circumstances specified in federal law; and

(7) Medicare enrollees have the right to a clear description of nursing home and home care benefits covered by the health maintenance organization.

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

Sec. 35. Minnesota Statutes 2012, section 62D.095, is amended to read:

62D.095 ENROLLEE COST SHARING.

Subdivision 1. **General application.** A health maintenance contract may contain enrollee cost-sharing provisions as specified in this section. Co-payment and deductible provisions in a group contract must not discriminate on the basis of age, sex, race, disability, economic status, or length of enrollment in the health plan. During an open enrollment period in which all offered health plans fully participate without any underwriting restrictions, co-payment and deductible provisions must not discriminate on the basis of preexisting health status.

Subd. 2. **Co-payments.** ~~(a)~~ A health maintenance contract may impose a co-payment ~~as authorized under Minnesota Rules, part 4685.0801, or under this section~~ and coinsurance consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a.

~~(b) A health maintenance organization may impose a flat fee co-payment on outpatient office visits not to exceed 40 percent of the median provider's charges for similar services or goods received by the enrollees as calculated under Minnesota Rules, part 4685.0801. A health maintenance organization may impose a flat fee co-payment on outpatient prescription drugs not to exceed 50 percent of the median provider's charges for similar services or goods received by the enrollees as calculated under Minnesota Rules, part 4685.0801.~~

~~(c) If a health maintenance contract is permitted to impose a co-payment for preexisting health status under sections 62D.01 to 62D.30, these provisions may vary with respect to length of enrollment in the health plan.~~

Subd. 3. **Deductibles.** ~~(a)~~ A health maintenance contract ~~issued by a health maintenance organization that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association may impose deductibles not to exceed $3,000 per person, per year and $6,000 per family, per year. For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates~~ may impose a deductible consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a.

~~(b) All other health maintenance contracts may impose deductibles not to exceed $2,250 per person, per year and $4,500 per family, per year.~~

Subd. 4. **Annual out-of-pocket maximums.** ~~(a)~~ A health maintenance contract ~~issued by a health maintenance organization that is assessed less than three percent of the total annual amount assessed by the Minnesota comprehensive health association must include a limitation not to exceed $4,500 per person and $7,500 per family on total annual out-of-pocket enrollee cost-sharing expenses. For purposes of the percentage calculation, a health maintenance organization's assessments include those of its affiliates~~ may impose an annual out-of-pocket maximum consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a.

~~(b) All other health maintenance contracts must include a limitation not to exceed $3,000 per person and $6,000 per family on total annual out-of-pocket enrollee cost-sharing expenses.~~

Subd. 5. **Exceptions.** No co-payments or deductibles may be imposed on preventive health care services ~~as described in Minnesota Rules, part 4685.0801, subpart 8~~ consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a.

Subd. 6. **Public programs.** This section does not apply to the prepaid medical assistance program, the MinnesotaCare program, ~~the prepaid general assistance program,~~ the federal Medicare program, or the health plans provided through any of those programs.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 36. Minnesota Statutes 2012, section 62D.181, subdivision 7, is amended to read:

Subd. 7. **Replacement coverage; limitations.** The association is not obligated to offer replacement coverage under this chapter ~~or conversion coverage under section 62E.16~~ at the end of the periods specified in subdivision 6. Any continuation obligation arising under this chapter or chapter 62A will cease at the end of the periods specified in subdivision 6.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 37. Minnesota Statutes 2012, section 62E.02, is amended by adding a subdivision to read:

Subd. 2a. **Essential health benefits.** "Essential health benefits" has the meaning given under section 62Q.81, subdivision 4.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 38. Minnesota Statutes 2012, section 62E.04, subdivision 4, is amended to read:

Subd. 4. **Major medical coverage.** Each insurer and fraternal shall affirmatively offer coverage of major medical expenses to every applicant who applies to the insurer or fraternal for a new unqualified policy, which has a lifetime benefit limit of less than $1,000,000, at the time of application and annually to every holder of such an unqualified policy of accident and health insurance renewed by the insurer or fraternal. The coverage shall provide that when a covered individual incurs out-of-pocket expenses of $5,000 or more within a calendar year for services covered in section 62E.06, subdivision 1, benefits shall be payable, subject to any co-payment authorized by the commissioner, ~~up to a maximum lifetime limit of not less than $1,000,000~~ and shall not contain a lifetime maximum on essential health benefits. The offer of coverage of major medical expenses may consist of the offer of a rider on an existing unqualified policy or a new policy which is a qualified plan.

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

Sec. 39. Minnesota Statutes 2012, section 62E.04, is amended by adding a subdivision to read:

Subd. 11. **Essential health benefits package.** For individual or small group health plans that include the essential health benefits package and are offered, sold, issued, or renewed on or after January 1, 2014, the requirements of this section do not apply.

Sec. 40. Minnesota Statutes 2012, section 62E.06, subdivision 1, is amended to read:

Subdivision 1. **Number three plan.** A plan of health coverage shall be certified as a number three qualified plan if it otherwise meets the requirements established by chapters 62A, 62C, and 62Q, and the other laws of this state, whether or not the policy is issued in Minnesota, and meets or exceeds the following minimum standards:

(a) The minimum benefits for a covered individual shall, subject to the other provisions of this subdivision, be equal to at least 80 percent of the cost of covered services in excess of an annual deductible which does not exceed $150 per person. The coverage shall include a limitation of $3,000 per person on total annual out-of-pocket expenses for services covered under this subdivision. The coverage shall not be subject to a ~~maximum lifetime benefit of not less than $1,000,000~~ lifetime maximum on essential health benefits.

The prohibition on lifetime maximums for essential health benefits and $3,000 limitation on total annual out-of-pocket expenses ~~and the $1,000,000 maximum lifetime benefit~~ shall not be subject to change or substitution by use of an actuarially equivalent benefit.

(b) Covered expenses shall be the usual and customary charges for the following services and articles when prescribed by a physician:

(1) hospital services;

(2) professional services for the diagnosis or treatment of injuries, illnesses, or conditions, other than dental, which are rendered by a physician or at the physician's direction;

(3) drugs requiring a physician's prescription;

(4) services of a nursing home for not more than 120 days in a year if the services would qualify as reimbursable services under Medicare;

(5) services of a home health agency if the services would qualify as reimbursable services under Medicare;

(6) use of radium or other radioactive materials;

(7) oxygen;

(8) anesthetics;

(9) prostheses other than dental but including scalp hair prostheses worn for hair loss suffered as a result of alopecia areata;

(10) rental or purchase, as appropriate, of durable medical equipment other than eyeglasses and hearing aids, unless coverage is required under section 62Q.675;

(11) diagnostic x-rays and laboratory tests;

(12) oral surgery for partially or completely unerupted impacted teeth, a tooth root without the extraction of the entire tooth, or the gums and tissues of the mouth when not performed in connection with the extraction or repair of teeth;

(13) services of a physical therapist;

(14) transportation provided by licensed ambulance service to the nearest facility qualified to treat the condition; or a reasonable mileage rate for transportation to a kidney dialysis center for treatment; and

(15) services of an occupational therapist.

(c) Covered expenses for the services and articles specified in this subdivision do not include the following:

(1) any charge for care for injury or disease either (i) arising out of an injury in the course of employment and subject to a workers' compensation or similar law, (ii) for which benefits are payable without regard to fault under coverage statutorily required to be contained in any motor vehicle, or other liability insurance policy or equivalent self-insurance, or (iii) for which benefits are payable under another policy of accident and health insurance, Medicare, or any other governmental program except as otherwise provided by section 62A.04, subdivision 3, clause (4);

(2) any charge for treatment for cosmetic purposes other than for reconstructive surgery when such service is incidental to or follows surgery resulting from injury, sickness, or other diseases of the involved part or when such service is performed on a covered dependent child because of congenital disease or anomaly which has resulted in a functional defect as determined by the attending physician;

(3) care which is primarily for custodial or domiciliary purposes which would not qualify as eligible services under Medicare;

(4) any charge for confinement in a private room to the extent it is in excess of the institution's charge for its most common semiprivate room, unless a private room is prescribed as medically necessary by a physician, provided, however, that if the institution does not have semiprivate rooms, its most common semiprivate room charge shall be considered to be 90 percent of its lowest private room charge;

(5) that part of any charge for services or articles rendered or prescribed by a physician, dentist, or other health care personnel which exceeds the prevailing charge in the locality where the service is provided; and

(6) any charge for services or articles the provision of which is not within the scope of authorized practice of the institution or individual rendering the services or articles.

(d) The minimum benefits for a qualified plan shall include, in addition to those benefits specified in clauses (a) and (e), benefits for well baby care, effective July 1, 1980, subject to applicable deductibles, coinsurance provisions, and maximum lifetime benefit limitations.

(e) Effective July 1, 1979, the minimum benefits of a qualified plan shall include, in addition to those benefits specified in clause (a), a second opinion from a physician on all surgical procedures expected to cost a total of $500 or more in physician, laboratory, and hospital fees, provided that the coverage need not include the repetition of any diagnostic tests.

(f) Effective August 1, 1985, the minimum benefits of a qualified plan must include, in addition to the benefits specified in clauses (a), (d), and (e), coverage for special dietary treatment for phenylketonuria when recommended by a physician.

(g) Outpatient mental health coverage is subject to section 62A.152, subdivision 2.

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

Sec. 41. Minnesota Statutes 2012, section 62E.09, is amended to read:

62E.09 DUTIES OF COMMISSIONER.

The commissioner may:

(a) formulate general policies to advance the purposes of sections 62E.01 to 62E.19;

(b) supervise the creation of the Minnesota Comprehensive Health Association within the limits described in section 62E.10;

(c) approve the selection of the writing carrier by the association, approve the association's contract with the writing carrier, and approve the state plan coverage;

(d) appoint advisory committees;

(e) conduct periodic audits to assure the general accuracy of the financial data submitted by the writing carrier and the association;

(f) contract with the federal government or any other unit of government to ensure coordination of the state plan with other governmental assistance programs;

(g) undertake directly or through contracts with other persons studies or demonstration programs to develop awareness of the benefits of sections 62E.01 to ~~62E.16~~ 62E.15, so that the residents of this state may best avail themselves of the health care benefits provided by these sections;

(h) contract with insurers and others for administrative services; and

(i) adopt, amend, suspend and repeal rules as reasonably necessary to carry out and make effective the provisions and purposes of sections 62E.01 to 62E.19.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 42. Minnesota Statutes 2012, section 62E.10, subdivision 7, is amended to read:

Subd. 7. **General powers.** The association may:

(a) Exercise the powers granted to insurers under the laws of this state;

(b) Sue or be sued;

(c) Enter into contracts with insurers, similar associations in other states or with other persons for the performance of administrative functions including the functions provided for in clauses (e) and (f);

(d) Establish administrative and accounting procedures for the operation of the association;

(e) Provide for the reinsuring of risks incurred as a result of issuing the coverages required by ~~sections~~ section 62E.04 ~~and 62E.16~~ by members of the association. Each member which elects to reinsure its required risks shall determine the categories of coverage it elects to reinsure in the association. The categories of coverage are:

(1) individual qualified plans, excluding group conversions;

(2) group conversions;

(3) group qualified plans with fewer than 50 employees or members; and

(4) major medical coverage.

A separate election may be made for each category of coverage. If a member elects to reinsure the risks of a category of coverage, it must reinsure the risk of the coverage of every life covered under every policy issued in that category. A member electing to reinsure risks of a category of coverage shall enter into a contract with the association establishing a reinsurance plan for the risks. This contract may include provision for the pooling of members' risks reinsured through the association and it may provide for assessment of each member reinsuring risks for losses and operating and administrative expenses incurred, or estimated to be incurred in the operation of the reinsurance plan. This reinsurance plan shall be approved by the commissioner before it is effective. Members electing to administer the risks which are reinsured in the association shall comply with the benefit determination guidelines and accounting procedures established by the association. The fee charged by the association for the reinsurance of risks shall not be less than 110 percent of the total anticipated expenses incurred by the association for the reinsurance; and

(f) Provide for the administration by the association of policies which are reinsured pursuant to clause (e). Each member electing to reinsure one or more categories of coverage in the association may elect to have the association administer the categories of coverage on the member's behalf. If a member elects to have the association administer the categories of coverage, it must do so for every life covered under every policy issued in that category. The fee for the administration shall not be less than 110 percent of the total anticipated expenses incurred by the association for the administration.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 43. Minnesota Statutes 2012, section 62H.04, is amended to read:

62H.04 COMPLIANCE WITH OTHER LAWS.

(a) A joint self-insurance plan is subject to the requirements of chapters 62A, 62E, 62L, and 62Q, and sections 72A.17 to 72A.32 unless otherwise specifically exempt. A joint self-insurance plan must pay assessments made by the Minnesota Comprehensive Health Association, as required under section 62E.11.

(b) A joint self-insurance plan is exempt from providing the mandated health benefits described in chapters 62A, 62E, 62L, and 62Q if it otherwise provides the benefits required under the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001, et seq., for all employers and not just for the employers with 50 or more employees who are covered by that federal law.

(c) A joint self-insurance plan is exempt from section 62L.03, subdivision 1, if the plan offers an annual open enrollment period of no less than 15 days during which all employers that qualify for membership may enter the plan without preexisting condition limitations or exclusions except those permitted under chapter 62L.

(d) A joint self-insurance plan is exempt from sections 62A.146, 62A.16, 62A.17, 62A.20, 62A.21, and 62A.65, subdivision 5, paragraph (b), ~~and 62E.16~~ if the joint self-insurance plan complies with the continuation requirements under the Employee Retirement Income Security Act of 1974, United States Code, title 29, sections 1001, et seq., for all employers and not just for the employers with 20 or more employees who are covered by that federal law.

(e) A joint self-insurance plan must provide to all employers the maternity coverage required by federal law for employers with 15 or more employees.

(f) A joint self-insurance plan must comply with all the provisions and requirements of the Affordable Care Act as defined under section 62A.011, subdivision 1a, to the extent that they apply to such plans.

EFFECTIVE DATE. This section is effective the day following final enactment, except that the amendment to paragraph (d) is effective January 1, 2014.

Sec. 44. Minnesota Statutes 2012, section 62L.02, subdivision 11, is amended to read:

Subd. 11. **Dependent.** "Dependent" means an eligible employee's spouse, ~~unmarried child who is under the age of 25 years~~ dependent child to the limiting age as defined in section 62Q.01, subdivision 9, dependent child of any age who is disabled and who meets the eligibility criteria in section 62A.14, subdivision 2, or any other person whom state or federal law requires to be treated as a dependent for purposes of health plans. For the purpose of this definition, a dependent child to the limiting age as defined in section 62Q.01, subdivision 9, includes a child for whom the employee or the employee's spouse has been appointed legal guardian and an adoptive child as provided in section 62A.27. A child also means a grandchild as provided in section 62A.042 with continued eligibility of grandchildren as provided in section 62A.302, subdivision 4.

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

Sec. 45. Minnesota Statutes 2012, section 62L.02, subdivision 14a, is amended to read:

Subd. 14a. **Guaranteed issue.** "Guaranteed issue" means that a health carrier shall not decline an application by a small employer for any health benefit plan offered by that health carrier and shall not decline to cover under a health benefit plan any eligible employee or eligible dependent, including persons who become eligible employees or eligible dependents after initial issuance of the health benefit plan~~, subject to the health carrier's right to impose preexisting condition limitations permitted under this chapter~~.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 46. Minnesota Statutes 2012, section 62L.02, is amended by adding a subdivision to read:

Subd. 17a. **Individual health plan.** "Individual health plan" has the meaning given in section 62A.011, subdivision 4.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 47. Minnesota Statutes 2012, section 62L.02, subdivision 26, is amended to read:

Subd. 26. **Small employer.** (a) "Small employer" means, with respect to a calendar year and a plan year, a person, firm, corporation, partnership, association, or other entity actively engaged in business in Minnesota, including a political subdivision of the state, that employed an average of ~~no fewer than two nor~~ at least one, not including a sole proprietor, but not more than 50 current employees on business days during the preceding calendar year and that employs at least ~~two~~ one current ~~employees~~ employee, not including a sole proprietor, on the first day of the plan year. ~~If an employer has only one eligible employee who has not waived coverage, the sale of a health plan to or for that eligible employee is not a sale to a small employer and is not subject to this chapter and may be treated as the sale of an individual health plan.~~ A small employer plan may be offered through a domiciled association to self-employed individuals and small employers who are members of the association, even if the self-employed individual or small employer has fewer than two current employees. Entities that are treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the federal Internal Revenue Code are considered a single employer for purposes of determining the number of current employees. Small employer status must be determined on an annual basis as of the renewal date of the health benefit plan. The provisions of this chapter

continue to apply to an employer who no longer meets the requirements of this definition until the annual renewal date of the employer's health benefit plan. If an employer was not in existence throughout the preceding calendar year, the determination of whether the employer is a small employer is based upon the average number of current employees that it is reasonably expected that the employer will employ on business days in the current calendar year. For purposes of this definition, the term employer includes any predecessor of the employer. An employer that has more than 50 current employees but has 50 or fewer employees, as "employee" is defined under United States Code, title 29, section 1002(6), is a small employer under this subdivision.

(b) Where an association, as defined in section 62L.045, comprised of employers contracts with a health carrier to provide coverage to its members who are small employers, the association and health benefit plans it provides to small employers, are subject to section 62L.045, with respect to small employers in the association, even though the association also provides coverage to its members that do not qualify as small employers.

(c) If an employer has employees covered under a trust specified in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq., as amended, or employees whose health coverage is determined by a collective bargaining agreement and, as a result of the collective bargaining agreement, is purchased separately from the health plan provided to other employees, those employees are excluded in determining whether the employer qualifies as a small employer. Those employees are considered to be a separate small employer if they constitute a group that would qualify as a small employer in the absence of the employees who are not subject to the collective bargaining agreement.

(d) Small group health plans offered through the Minnesota Insurance Marketplace under chapter 62V to employees of a small employer are not considered individual health plans, regardless of whether the health plan is purchased using a defined contribution from the small employer.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 48. Minnesota Statutes 2012, section 62L.03, subdivision 1, is amended to read:

Subdivision 1. **Guaranteed issue and reissue.** (a) Every health carrier shall, as a condition of authority to transact business in this state in the small employer market, affirmatively market, offer, sell, issue, and renew any of its health benefit plans, on a guaranteed issue basis, to any small employer, including a small employer covered by paragraph (b), that meets the participation and contribution requirements of subdivision 3, as provided in this chapter.

(b) A small employer that ~~has its~~ no longer meets the definition of small employer because of a reduction in workforce ~~reduced to one employee~~ may continue coverage as a small employer for 12 months from the date the group is reduced to one employee.

(c) Notwithstanding paragraph (a), a health carrier may, at the time of coverage renewal, modify the health coverage for a product offered in the small employer market if the modification is consistent with state law, approved by the commissioner, and effective on a uniform basis for all small employers purchasing that product other than through a qualified association in compliance with section 62L.045, subdivision 2.

~~Paragraph (a) does not apply to a health benefit plan designed for a small employer to comply with a collective bargaining agreement, provided that the health benefit plan otherwise complies with this chapter and is not offered to other small employers, except for other small employers that need it for the same reason. This paragraph applies only with respect to collective bargaining agreements entered into prior to August 21, 1996, and only with respect to plan years beginning before the later of July 1, 1997, or the date upon which the last of the collective bargaining agreements relating to the plan terminates determined without regard to any extension agreed to after August 21, 1996.~~

~~(d) Every health carrier participating in the small employer market shall make available both of the plans described in section 62L.05 to small employers and shall fully comply with the underwriting and the rate restrictions specified in this chapter for all health benefit plans issued to small employers.~~

~~(e)~~ (d) A health carrier may cease to transact business in the small employer market as provided under section 62L.09.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 49. Minnesota Statutes 2012, section 62L.03, subdivision 3, is amended to read:

Subd. 3. **Minimum participation and contribution.** (a) A small employer that has at least 75 percent of its eligible employees who have not waived coverage participating in a health benefit plan and that contributes at least 50 percent toward the cost of coverage of each eligible employee must be guaranteed coverage on a guaranteed issue basis from any health carrier participating in the small employer market. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. A health carrier must not increase the participation requirements applicable to a small employer at any time after the small employer has been accepted for coverage. For the purposes of this subdivision, waiver of coverage includes only waivers due to: (1) coverage under another group health plan; (2) coverage under Medicare Parts A and B; or (3) coverage under medical assistance under chapter 256B or general assistance medical care under chapter 256D.

(b) If a small employer does not satisfy the contribution or participation requirements under this subdivision, a health carrier may voluntarily issue or renew individual health plans, or a health benefit plan which must fully comply with this chapter. A health carrier that provides a health benefit plan to a small employer that does not meet the contribution or participation requirements of this subdivision must maintain this information in its files for audit by the commissioner. A health carrier may not offer an individual health plan, purchased through an arrangement between the employer and the health carrier, to any employee unless the health carrier also offers the individual health plan, on a guaranteed issue basis, to all other employees of the same employer. An arrangement permitted under section 62L.12, subdivision 2, paragraph ~~(k)~~ (l), is not an arrangement between the employer and the health carrier for purposes of this paragraph.

(c) Nothing in this section obligates a health carrier to issue coverage to a small employer that currently offers coverage through a health benefit plan from another health carrier, unless the new coverage will replace the existing coverage and not serve as one of two or more health benefit plans offered by the employer. This paragraph does not apply if the small employer will meet the required participation level with respect to the new coverage.

(d) If a small employer cannot meet either the participation or contribution requirement, the small employer may purchase coverage only during an open enrollment period each year between November 15 and December 15.

(e) This section does not apply to health plans offered through the Minnesota Insurance Marketplace under chapter 62V.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 50. Minnesota Statutes 2012, section 62L.03, subdivision 4, is amended to read:

Subd. 4. **Underwriting restrictions.** ~~(a) Health carriers may apply underwriting restrictions to coverage for health benefit plans for small employers, including any preexisting condition limitations, only as expressly permitted under this chapter. For purposes of this section, "underwriting restrictions" means any refusal of the health carrier to issue or renew coverage, any premium rate higher than the lowest rate charged by the health carrier for the same coverage, any preexisting condition limitation, preexisting condition exclusion, or any exclusionary rider.~~

~~(b)~~ Health carriers may collect information relating to the case characteristics and demographic composition of small employers, as well as health status and health history information about employees, and dependents of employees, of small employers.

~~(c) Except as otherwise authorized for late entrants, preexisting conditions may be excluded by a health carrier for a period not to exceed 12 months from the enrollment date of an eligible employee or dependent, but exclusionary riders must not be used. Late entrants may be subject to a preexisting condition limitation not to exceed 18 months from the enrollment date of the late entrant, but must not be subject to any exclusionary rider or preexisting condition exclusion. When calculating any length of preexisting condition limitation, a health carrier shall credit the time period an eligible employee or dependent was previously covered by qualifying coverage, provided that the individual maintains continuous coverage. The credit must be given for all qualifying coverage with respect to all preexisting conditions, regardless of whether the conditions were preexisting with respect to any previous qualifying coverage. Section 60A.082, relating to replacement of group coverage, and the rules adopted under that section apply to this chapter, and this chapter's requirements are in addition to the requirements of that section and the rules adopted under it. A health carrier shall, at the time of first issuance or renewal of a health benefit plan on or after July 1, 1993, credit against any preexisting condition limitation or exclusion permitted under this section, the time period prior to July 1, 1993, during which an eligible employee or dependent was covered by qualifying coverage, if the person has maintained continuous coverage.~~

~~(d) Health carriers shall not use pregnancy as a preexisting condition under this chapter.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 51. Minnesota Statutes 2012, section 62L.03, subdivision 6, is amended to read:

Subd. 6. **MCHA enrollees.** Health carriers shall offer coverage to any eligible employee or dependent enrolled in MCHA at the time of the health carrier's issuance or renewal of a health benefit plan to a small employer. The health benefit plan must require that the employer permit MCHA enrollees to enroll in the small employer's health benefit plan as of the first date of renewal of a health benefit plan occurring on or after July 1, 1993, and as of each date of renewal after that, or, in the case of a new group, as of the initial effective date of the health benefit plan and as of each date of renewal after that. ~~Unless otherwise permitted by this chapter,~~ Health carriers must not impose any underwriting restrictions, including any preexisting condition limitations or exclusions, on any eligible employee or dependent previously enrolled in MCHA and transferred to a health benefit plan ~~so long as continuous coverage is maintained, provided that the health carrier may impose any unexpired portion of a preexisting condition limitation under the person's MCHA coverage. An MCHA enrollee is not a late entrant, so long as the enrollee has maintained continuous coverage~~.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 52. Minnesota Statutes 2012, section 62L.045, subdivision 2, is amended to read:

Subd. 2. **Qualified associations.** (a) A qualified association, as defined in this section, and health coverage offered by it, to it, or through it, to a small employer in this state must comply with the requirements of this chapter regarding guaranteed issue, guaranteed renewal, preexisting condition limitations, ~~credit against preexisting condition limitations for continuous coverage,~~ treatment of MCHA enrollees, and the definition of dependent, and with section 62A.65, subdivision 5, paragraph (b). They must also comply with all other requirements of this chapter not specifically exempted in paragraph (b) or (c).

(b) A qualified association and a health carrier offering, selling, issuing, or renewing health coverage to, or to cover, a small employer in this state through the qualified association, may, but are not, in connection with that health coverage, required to:

(1) offer the two small employer plans described in section 62L.05; and

(2) offer to small employers that are not members of the association, health coverage offered to, by, or through the qualified association.

~~(c) A qualified association, and a health carrier offering, selling, issuing, and renewing health coverage to, or to cover, a small employer in this state must comply with section 62L.08, except that:~~

~~(1) a separate index rate may be applied by a health carrier to each qualified association, provided that:~~

~~(i) the premium rate applied to participating small employer members of the qualified association is no more than 25 percent above and no more than 25 percent below the index rate applied to the qualified association, irrespective of when members applied for health coverage; and~~

~~(ii) the index rate applied by a health carrier to a qualified association is no more than 20 percent above and no more than 20 percent below the index rate applied by the health carrier to any other qualified association or to any small employer. In comparing index rates for purposes of this clause, the 20 percent shall be calculated as a percent of the larger index rate; and~~

~~(2) a qualified association described in subdivision 1, paragraph (a), clauses (2) to (4), providing health coverage through a health carrier, or on a self insured basis in compliance with section 471.617 and the rules adopted under that section, may cover small employers and other employers within the same pool and may charge premiums to small employer members on the same basis as it charges premiums to members that are not small employers, if the premium rates charged to small employers do not have greater variation than permitted under section 62L.08. A qualified association operating under this clause shall annually prove to the commissioner of commerce that it complies with this clause through a sampling procedure acceptable to the commissioner. If the qualified association fails to prove compliance to the satisfaction of the commissioner, the association shall agree to a written plan of correction acceptable to the commissioner. The qualified association is considered to be in compliance under this clause if there is a premium rate that would, if used as an index rate, result in all premium rates in the sample being in compliance with section 62L.08. This clause does not exempt a qualified association or a health carrier providing coverage through the qualified association from the loss ratio requirement of section 62L.08, subdivision 11.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 53. Minnesota Statutes 2012, section 62L.045, subdivision 4, is amended to read:

Subd. 4. **Principles; association coverage.** (a) This subdivision applies to associations as defined in this section, whether qualified associations or not, and is intended to clarify subdivisions 1 to 3.

(b) This section applies only to associations that provide health coverage to small employers.

(c) ~~A health carrier is not required under this chapter to comply with guaranteed issue and guaranteed renewal with respect to its relationship with the association itself.~~ An arrangement between the health carrier and the association, once entered into, must comply with guaranteed issue and guaranteed renewal with respect to members of the association that are small employers and persons covered through them.

(d) When an arrangement between a health carrier and an association has validly terminated, the health carrier has no continuing obligation to small employers and persons covered through them, except as otherwise provided in:

(1) section 62A.65, subdivision 5, paragraph (b);

(2) any other continuation or conversion rights applicable under state or federal law; and

(3) section 60A.082, relating to group replacement coverage, and rules adopted under that section.

(e) When an association's arrangement with a health carrier has terminated and the association has entered into a new arrangement with that health carrier or a different health carrier, the new arrangement is subject to section 60A.082 and rules adopted under it, with respect to members of the association that are small employers and persons covered through them.

(f) An association that offers its members more than one plan of health coverage may have uniform rules restricting movement between the plans of health coverage, if the rules do not discriminate against small employers.

(g) This chapter does not require or prohibit separation of an association's members into one group consisting only of small employers and another group or other groups consisting of all other members. The association must comply with this section with respect to the small employer group.

(h) For purposes of this section, "member" of an association includes an employer participant in the association.

(i) For purposes of this section, health coverage issued to, or to cover, a small employer includes a certificate of coverage issued directly to the employer's employees and dependents, rather than to the small employer.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 54. Minnesota Statutes 2012, section 62L.05, subdivision 10, is amended to read:

Subd. 10. **Medical expense reimbursement.** Health carriers may reimburse or pay for medical services, supplies, or articles provided under a small employer plan in accordance with the health carrier's provider contract requirements including, but not limited to, salaried arrangements, capitation, the payment of usual and customary charges, fee schedules, discounts from fee-for-service, per diems, diagnosis-related groups (DRGs), and other payment arrangements. Nothing in this chapter requires a health carrier to develop, implement, or change its provider contract requirements for a small employer plan. Coinsurance, deductibles, and out-of-pocket maximums~~, and maximum lifetime benefits~~ must be calculated and determined in accordance with each health carrier's standard business practices.

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

Sec. 55. Minnesota Statutes 2012, section 62L.06, is amended to read:

62L.06 DISCLOSURE OF UNDERWRITING RATING PRACTICES.

When offering or renewing a health benefit plan, health carriers shall disclose in all solicitation and sales materials:

(1) ~~the case characteristics and other rating factors used to determine initial and renewal rates;~~

~~(2) the extent to which premium rates for a small employer are established or adjusted based upon actual or expected variation in claim experience;~~

~~(3)~~ provisions concerning the health carrier's right to change premium rates ~~and the factors other than claim experience that affect changes in premium rates~~;

~~(4)~~ (2) provisions relating to renewability of coverage;

~~(5) the use and effect of any preexisting condition provisions, if permitted;~~

~~(6)~~ (3) the application of any provider network limitations and their effect on eligibility for benefits; and

~~(7)~~ (4) the ability of small employers to insure eligible employees and dependents currently receiving coverage from the Comprehensive Health Association ~~through health benefit plans~~.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 56. Minnesota Statutes 2012, section 62L.08, is amended to read:

62L.08 RESTRICTIONS RELATING TO PREMIUM RATES.

Subdivision 1. **Rate restrictions.** Premium rates for all health benefit plans sold or issued to small employers are subject to the restrictions specified in this section.

~~Subd. 2. **General premium variations.** Beginning July 1, 1993, each health carrier must offer premium rates to small employers that are no more than 25 percent above and no more than 25 percent below the index rate charged to small employers for the same or similar coverage, adjusted pro rata for rating periods of less than one year. The premium variations permitted by this subdivision must be based only on health status, claims experience, industry of the employer, and duration of coverage from the date of issue. For purposes of this subdivision, health status includes refraining from tobacco use or other actuarially valid lifestyle factors associated with good health, provided that the lifestyle factor and its effect upon premium rates have been determined to be actuarially valid and approved by the commissioner. Variations permitted under this subdivision must not be based upon age or applied differently at different ages. This subdivision does not prohibit use of a constant percentage adjustment for factors permitted to be used under this subdivision.~~

~~Subd. 2a. **Renewal premium increases limited.** (a) Beginning January 1, 2003, the percentage increase in the premium rate charged to a small employer for a new rating period must not exceed the sum of the following:~~

~~(1) the percentage change in the index rate measured from the first day of the prior rating period to the first day of the new rating period;~~

~~(2) an adjustment, not to exceed 15 percent annually and adjusted pro rata for rating periods of less than one year, due to the claims experience, health status, or duration of coverage of the employees or dependents of the employer; and~~

~~(3) any adjustment due to change in coverage or in the case characteristics of the employer.~~

~~(b) This subdivision does not apply if the employer, employee, or any applicant provides the health carrier with false, incomplete, or misleading information.~~

Subd. 3. **Age-based premium variations.** ~~Beginning July 1, 1993,~~ Each health carrier may offer premium rates to small employers that vary based upon the ages of the eligible employees and dependents of the small employer only as provided in this subdivision. ~~In addition to the variation permitted by subdivision 2, each health carrier may use an additional premium variation based upon age of up to plus or minus 50 percent of the index rate.~~ Premium rates may vary based upon the ages of the eligible employees and dependents of the small employer in accordance with the provisions of the Affordable Care Act as defined in section 62A.011, subdivision 1a.

Subd. 4. **Geographic premium variations.** ~~A health carrier may request approval by the commissioner to establish separate geographic regions determined by the health carrier and to establish separate index rates for each such region~~ Premium rates may vary based on geographic rating areas set by the commissioner. The commissioner shall grant approval if ~~the following conditions are met:~~

~~(1) the geographic regions must be applied uniformly by the health carrier;~~

~~(2) each geographic region must be composed of no fewer than seven counties that create a contiguous region; and~~

~~(3)~~ the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in ~~index~~ rates~~, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage~~.

Subd. 5. **Gender-based rates prohibited.** ~~Beginning July 1, 1993,~~ No health carrier may determine premium rates through a method that is in any way based upon the gender of eligible employees or dependents. Rates must not in any way reflect marital status or generalized differences in expected costs between employees and spouses.

Subd. 6. ~~**Rate cells permitted**~~ **Tobacco rating.** ~~Health carriers may use rate cells and must file with the commissioner the rate cells they use. Rate cells must be based on the number of adults and children covered under the policy and may reflect the availability of Medicare coverage. The rates for different rate cells must not in any way reflect marital status or differences in expected costs between employees and spouses~~ Premium rates may vary based upon tobacco use in accordance with the provisions of the Affordable Care Act as defined in section 62A.011, subdivision 1a.

Subd. 7. ~~**Index and**~~ **Premium rate development.** (a) In developing its ~~index~~ rates and premiums, a health carrier may take into account only the following factors:

(1) actuarially valid differences in benefit designs of health benefit plans; and

~~(2) actuarially valid differences in the rating factors permitted in subdivisions 2 and 3;~~

~~(3)~~ (2) actuarially valid geographic variations if approved by the commissioner as provided in subdivision 4.

(b) All premium variations permitted under this section must be based upon actuarially valid differences in expected cost to the health carrier of providing coverage. The variation must be justified in initial rate filings and upon request of the commissioner in rate revision filings. All premium variations are subject to approval by the commissioner.

Subd. 8. **Filing requirement.** A health carrier that offers, sells, issues, or renews a health benefit plan for small employers shall file with the commissioner the ~~index~~ rates and must demonstrate that all rates shall be within the rating restrictions defined in this chapter. Such demonstration must include ~~the allowable range of rates from the index rates and~~ a description of how the health carrier intends to use demographic factors including case characteristics in calculating the premium rates. The rates shall not be approved, unless the commissioner has determined that the rates are reasonable. In determining reasonableness, the commissioner shall consider the growth rates applied under section 62J.04, subdivision 1, paragraph (b), to the calendar year or years that the proposed premium rate would be in effect, and actuarially valid changes in risk associated with the enrollee population~~, and actuarially valid changes as a result of statutory changes in Laws 1992, chapter 549~~.

Subd. 9. **Effect of assessments.** Premium rates must comply with the rating requirements of this section, notwithstanding the imposition of any assessments or premiums paid by health carriers as provided under sections 62L.13 to 62L.22.

~~Subd. 10. **Rating report.** Beginning January 1, 1995, and annually thereafter, the commissioners of health and commerce shall provide a joint report to the legislature on the effect of the rating restrictions required by this section and the appropriateness of proceeding with additional rate reform. Each report must include an analysis of the availability of health care coverage due to the rating reform, the equitable and appropriate distribution of risk and associated costs, the effect on the self-insurance market, and any resulting or anticipated change in health plan design and market share and availability of health carriers.~~

Subd. 11. **Loss ratio standards.** Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, each policy or contract form used with respect to a health benefit plan offered, or issued in the small employer market, is subject, beginning July 1, 1993, to section 62A.021. The commissioner of health has, with respect to carriers under that commissioner's jurisdiction, all of the powers of the commissioner of commerce under that section.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 57. Minnesota Statutes 2012, section 62L.12, subdivision 2, is amended to read:

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

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

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

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

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

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

(g) A health carrier may sell, issue, or renew an individual health plan if coverage provided by the employer is determined to be unaffordable under the provisions of the Affordable Care Act as defined in section 62A.011, subdivision 1a.

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 58. Minnesota Statutes 2012, section 62M.05, subdivision 3a, is amended to read:

Subd. 3a. **Standard review determination.** (a) Notwithstanding subdivision 3b, an initial determination on all requests for utilization review must be communicated to the provider and enrollee in accordance with this subdivision within ten business days of the request, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization.

(b) When an initial determination is made to certify, notification must be provided promptly by telephone to the provider. The utilization review organization shall send written notification to the provider or shall maintain an audit trail of the determination and telephone notification. For purposes of this subdivision, "audit trail" includes documentation of the telephone notification, including the date; the name of the person spoken to; the enrollee; the service, procedure, or admission certified; and the date of the service, procedure, or admission. If the utilization review organization indicates certification by use of a number, the number must be called the "certification number." For purposes of this subdivision, notification may also be made by facsimile to a verified number or by electronic mail to a secure electronic mailbox. These electronic forms of notification satisfy the "audit trail" requirement of this paragraph.

(c) When an initial determination is made not to certify, notification must be provided by telephone, by facsimile to a verified number, or by electronic mail to a secure electronic mailbox within one working day after making the determination to the attending health care professional and hospital as applicable. Written notification must also be sent to the hospital as applicable and attending health care professional if notification occurred by telephone. For purposes of this subdivision, notification may be made by facsimile to a verified number or by electronic mail to a secure electronic mailbox. Written notification must be sent to the enrollee and may be sent by United States mail, facsimile to a verified number, or by electronic mail to a secure mailbox. The written notification must include the principal reason or reasons for the determination and the process for initiating an appeal of the determination. Upon request, the utilization review organization shall provide the provider or enrollee with the criteria used to determine the necessity, appropriateness, and efficacy of the health care service and identify the database, professional treatment parameter, or other basis for the criteria. Reasons for a determination not to certify may include, among other things, the lack of adequate information to certify after a reasonable attempt has been made to contact the provider or enrollee.

(d) When an initial determination is made not to certify, the written notification must inform the enrollee and the attending health care professional of the right to submit an appeal to the internal appeal process described in section 62M.06 and the procedure for initiating the internal appeal. The written notice shall be provided in a culturally and linguistically appropriate manner consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a.

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

Sec. 59. Minnesota Statutes 2012, section 62M.06, subdivision 1, is amended to read:

Subdivision 1. **Procedures for appeal.** (a) A utilization review organization must have written procedures for appeals of determinations not to certify. The right to appeal must be available to the enrollee and to the attending health care professional.

(b) The enrollee shall be allowed to review the information relied upon in the course of the appeal, present evidence and testimony as part of the appeals process, and receive continued coverage pending the outcome of the appeals process. This paragraph does not apply to managed care plan or county-based purchasing plan enrollees under section 256B.69 or 256B.692 serving state public program enrollees under section 256B.69 or to grandfathered plans as defined under section 62A.011, subdivision 1c.

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

Sec. 60. Minnesota Statutes 2012, section 62Q.01, is amended by adding a subdivision to read:

Subd. 1a. **Affordable Care Act.** "Affordable Care Act" means the Affordable Care Act as defined in section 62A.011, subdivision 1a.

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

Sec. 61. Minnesota Statutes 2012, section 62Q.01, is amended by adding a subdivision to read:

Subd. 1b. **Bona fide association.** "Bona fide association" means an association that meets all of the following criteria:

(1) serves a single profession that requires a significant amount of education, training, or experience, or a license or certificate from a state authority to practice that profession;

(2) has been actively in existence for five years;

(3) has a constitution and bylaws or other analogous governing documents;

(4) has been formed and maintained in good faith for purposes other than obtaining insurance;

(5) is not owned or controlled by a health plan company or affiliated with a health plan company;

(6) does not condition membership in the association on any health status-related factor;

(7) has at least 1,000 members if it is a national association, 500 members if it is a state association, or 200 members if it is a local association;

(8) all members and dependents of members are eligible for coverage regardless of any health status-related factor;

(9) does not make health plans offered through the association available other than in connection with a member of the association;

(10) is governed by a board of directors and sponsors an annual meeting of its members; and

(11) produces only market association memberships, accepts applications for membership, or signs up members in the professional association where the subject individuals are actively engaged in, or directly related to, the profession represented by the association.

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

Sec. 62. Minnesota Statutes 2012, section 62Q.01, is amended by adding a subdivision to read:

Subd. 2b. **Grandfathered health plan.** "Grandfathered health plan" means a grandfathered health plan as defined in section 62A.011, subdivision 1b.

Sec. 63. Minnesota Statutes 2012, section 62Q.01, is amended by adding a subdivision to read:

Subd. 2c. **Group health plan.** "Group health plan" means a group health plan as defined in section 62A.011, subdivision 1c.

Sec. 64. Minnesota Statutes 2012, section 62Q.01, is amended by adding a subdivision to read:

Subd. 4b. **Individual health plan.** "Individual health plan" means an individual health plan as defined in section 62A.011, subdivision 4.

Sec. 65. Minnesota Statutes 2012, section 62Q.01, is amended by adding a subdivision to read:

Subd. 7. **Life-threatening condition.** "Life-threatening condition" means a disease or condition from which the likelihood of death is probable unless the course of the disease or condition is interrupted.

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

Sec. 66. Minnesota Statutes 2012, section 62Q.01, is amended by adding a subdivision to read:

Subd. 8. **Primary care provider.** "Primary care provider" means a health care professional who specializes in the practice of family medicine, general internal medicine, obstetrics and gynecology, or general pediatrics and is a licensed physician, a licensed and certified advanced practice registered nurse, or a licensed physician assistant.

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

Sec. 67. Minnesota Statutes 2012, section 62Q.01, is amended by adding a subdivision to read:

Subd. 9. **Dependent child to the limiting age.** "Dependent child to the limiting age" or "dependent children to the limiting age" means those individuals who are eligible and covered as a dependent child under the terms of a health plan who have not yet attained 26 years of age. A health plan company must not deny or restrict eligibility for a dependent child to the limiting age based on financial dependency, residency, marital status, or student status. For coverage under plans offered by the Minnesota Comprehensive Health Association, dependent to the limiting age means dependent as defined in section 62A.302, subdivision 3. Notwithstanding the provisions in this subdivision, a health plan may include:

(1) eligibility requirements regarding the absence of other health plan coverage as permitted by the Affordable Care Act for grandfathered plan coverage; or

(2) an age greater than 26 in its policy, contract, or certificate of coverage.

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

Sec. 68. Minnesota Statutes 2012, section 62Q.021, is amended to read:

62Q.021 FEDERAL ACT; COMPLIANCE REQUIRED.

Subdivision 1. **Compliance with 1996 federal law.** Each health plan company shall comply with the federal Health Insurance Portability and Accountability Act of 1996, including any federal regulations adopted under that act, to the extent that it imposes a requirement that applies in this state and that is not also required by the laws of this state. This section does not require compliance with any provision of the federal act prior to the effective date provided for that provision in the federal act. The commissioner shall enforce this ~~section~~ subdivision.

Subd. 2. **Compliance with 2010 federal law.** Each health plan company shall comply with the Affordable Care Act to the extent that it imposes a requirement that applies in this state but is not required under the laws of this state. This section does not require compliance with any provision of the Affordable Care Act before the effective date provided for that provision in the Affordable Care Act. The commissioner shall enforce this subdivision.

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

Sec. 69. Minnesota Statutes 2012, section 62Q.17, subdivision 6, is amended to read:

Subd. 6. **Employer-based purchasing pools.** Employer-based purchasing pools must, with respect to small employers as defined in section 62L.02, meet all the requirements of chapter 62L. The experience of the pool must be pooled and the rates blended across all groups. ~~Pools may decide to create tiers within the pool, based on experience of group members. These tiers must be designed within the requirements of section 62L.08. The governing structure may establish criteria limiting movement between tiers. Tiers must be phased out within two years of the pool's creation.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 70. Minnesota Statutes 2012, section 62Q.18, is amended by adding a subdivision to read:

Subd. 8. **Guaranteed issue.** No health plan company shall offer, sell, or issue any health plan that does not make coverage available on a guaranteed issue basis in accordance with the Affordable Care Act.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 71. **[62Q.186] PROHIBITION ON RESCISSIONS OF HEALTH PLANS.**

Subdivision 1. **Definitions.** (a) "Rescission" means a cancellation or discontinuance of coverage under a health plan that has a retroactive effect.

(b) "Rescission" does not include:

(1) a cancellation or discontinuance of coverage under a health plan if:

(i) the cancellation or discontinuance of coverage has only a prospective effect; or

(ii) the cancellation or discontinuance of coverage is effective retroactively to the extent it is attributable to a failure to timely pay required premiums or contributions toward the cost of coverage; or

(2) when the health plan covers only active employees and, if applicable, dependents and those covered under continuation coverage provisions, the employee pays no premiums for coverage after termination of employment and the cancellation or discontinuance of coverage is effective retroactively back to the date of termination of employment due to a delay in administrative record keeping.

Subd. 2. **Prohibition on rescissions.** (a) A health plan company shall not rescind coverage under a health plan with respect to an individual, including a group to which the individual belongs or family coverage in which the individual is included, after the individual is covered under the health plan, unless:

(1) the individual, or a person seeking coverage on behalf of the individual, performs an act, practice, or omission that constitutes fraud; or

(2) the individual makes an intentional misrepresentation or omission of material fact, as prohibited by the terms of the health plan.

For purposes of this section, a person seeking coverage on behalf of an individual does not include an insurance producer or employee or authorized representative of the health carrier.

(b) This section does not apply to any benefits classified as excepted benefits under United States Code, title 42, section 300gg-91(c), or regulations enacted thereunder from time to time.

Subd. 3. **Notice required.** A health plan company shall provide at least 30 days' advance written notice to each individual who would be affected by the proposed rescission of coverage before coverage under the health plan may be terminated retroactively.

Subd. 4. **Compliance with other restrictions on rescissions.** Nothing in this section allows rescission if rescission would otherwise be prohibited under section 62A.04, subdivision 2, clause (2), or 62A.615.

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

Sec. 72. Minnesota Statutes 2012, section 62Q.23, is amended to read:

62Q.23 GENERAL SERVICES.

(a) Health plan companies shall comply with all continuation and conversion of coverage requirements applicable to health maintenance organizations under state or federal law.

(b) Health plan companies shall comply with sections 62A.047, 62A.27, and any other coverage required under chapter 62A of newborn infants, dependent children ~~who do not reside with a covered person~~ to the limiting age as defined in section 62Q.01, subdivision 9, disabled ~~children and dependents~~ dependent children, and adopted children. A health plan company providing dependent coverage shall comply with section 62A.302.

(c) Health plan companies shall comply with the equal access requirements of section 62A.15.

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

Sec. 73. Minnesota Statutes 2012, section 62Q.43, subdivision 2, is amended to read:

Subd. 2. **Access requirement.** Every closed-panel health plan must allow enrollees ~~who are full-time students~~ under the age of ~~25~~ 26 years to change their designated clinic or physician at least once per month, as long as the clinic or physician is part of the health plan company's statewide clinic or physician network. A health plan company shall not charge enrollees who choose this option higher premiums or cost sharing than would otherwise apply to enrollees who do not choose this option. A health plan company may require enrollees to provide 15 days' written notice of intent to change their designated clinic or physician.

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

Sec. 74. **[62Q.46] PREVENTIVE ITEMS AND SERVICES.**

Subdivision 1. **Coverage for preventive items and services.** (a) "Preventive items and services" has the meaning specified in the Affordable Care Act.

(b) A health plan company must provide coverage for preventive items and services at a participating provider without imposing cost-sharing requirements, including a deductible, coinsurance, or co-payment. Nothing in this section prohibits a health plan company that has a network of providers from excluding coverage or imposing cost-sharing requirements for preventive items or services that are delivered by an out-of-network provider.

(c) A health plan company is not required to provide coverage for any items or services specified in any recommendation or guideline described in paragraph (a) if the recommendation or guideline is no longer included as a preventive item or service as defined in paragraph (a). Annually, a health plan company must determine whether any additional items or services must be covered without cost-sharing requirements or whether any items or services are no longer required to be covered.

(d) Nothing in this section prevents a health plan company from using reasonable medical management techniques to determine the frequency, method, treatment, or setting for a preventive item or service to the extent not specified in the recommendation or guideline.

(e) This section does not apply to grandfathered plan coverage.

(f) This section does not apply to plans offered by the Minnesota Comprehensive Health Association.

Subd. 2. **Coverage for office visits in conjunction with preventive items and services.** (a) A health plan company may impose cost-sharing requirements with respect to an office visit if a preventive item or service is billed separately or is tracked separately as individual encounter data from the office visit.

(b) A health plan company must not impose cost-sharing requirements with respect to an office visit if a preventive item or service is not billed separately or is not tracked separately as individual encounter data from the office visit and the primary purpose of the office visit is the delivery of the preventive item or service.

(c) A health plan company may impose cost-sharing requirements with respect to an office visit if a preventive item or service is not billed separately or is not tracked separately as individual encounter data from the office visit and the primary purpose of the office visit is not the delivery of the preventive item or service.

Subd. 3. **Additional services not prohibited.** Nothing in this section prohibits a health plan company from providing coverage for preventive items and services in addition to those specified in the Affordable Care Act, or from denying coverage for preventive items and services that are not recommended as preventive items and services under the Affordable Care Act. A health plan company may impose cost-sharing requirements for a treatment not described in the Affordable Care Act even if the treatment results from a preventive item or service described in the Affordable Care Act.

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

Sec. 75. Minnesota Statutes 2012, section 62Q.47, is amended to read:

62Q.47 ALCOHOLISM, MENTAL HEALTH, AND CHEMICAL DEPENDENCY SERVICES.

(a) All health plans, as defined in section 62Q.01, that provide coverage for alcoholism, mental health, or chemical dependency services, must comply with the requirements of this section.

(b) Cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency and alcoholism services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services.

(c) Cost-sharing requirements and benefit or service limitations for inpatient hospital mental health and inpatient hospital and residential chemical dependency and alcoholism services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

(d) All health plans must meet the requirements of the federal Mental Health Parity Act of 1996, Public Law 104-204; Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008; the Affordable Care Act; and any amendments to, and federal guidance or regulations issued under, those acts.

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

Sec. 76. Minnesota Statutes 2012, section 62Q.52, is amended to read:

62Q.52 DIRECT ACCESS TO OBSTETRIC AND GYNECOLOGIC SERVICES.

Subdivision 1. **Direct access.** (a) Health plan companies shall allow female enrollees direct access to ~~obstetricians and gynecologists~~ providers who specialize in obstetrics and gynecology for the following services:

(1) ~~annual preventive health examinations, which shall include a gynecologic examination, and any subsequent obstetric or gynecologic visits determined to be medically necessary by the examining obstetrician or gynecologist, based upon the findings of the examination~~ evaluation and necessary treatment for obstetric conditions or emergencies;

(2) maternity care; and

(3) evaluation and necessary treatment for ~~acute~~ gynecologic conditions or emergencies, including annual preventive health examinations.

(b) For purposes of this section, "direct access" means that a female enrollee may obtain the obstetric and gynecologic services specified in paragraph (a) from ~~obstetricians and gynecologists~~ providers who specialize in obstetrics and gynecology in the enrollee's network without a referral from, or prior approval through a primary care provider, another physician, the health plan company, or its representatives.

(c) The health plan company shall treat the provision of obstetrical and gynecological care and the ordering of related obstetrical and gynecological items and services, pursuant to paragraph (a), by a participating health care provider who specializes in obstetrics or gynecology as the authorization of a primary care provider.

(d) The health plan company may require the health care provider to agree to otherwise adhere to the health plan company's policies and procedures, including procedures for obtaining prior authorization and for providing services in accordance with a treatment plan, if any, approved by the health plan company.

~~(c)~~ (e) Health plan companies shall not require higher co-payments, coinsurance, deductibles, or other enrollee cost-sharing for direct access.

~~(d)~~ (f) This section applies only to services described in paragraph (a) that are covered by the enrollee's coverage, but coverage of a preventive health examination for female enrollees must not exclude coverage of a gynecologic examination.

(g) For purposes of this section, a health care provider who specializes in obstetrics or gynecology means any individual, including an individual other than a physician, who is authorized under state law to provide obstetrical or gynecological care.

(h) This section does not:

(1) waive any exclusions of coverage under the terms and conditions of the health plan with respect to coverage of obstetrical or gynecological care; or

(2) preclude the health plan company from requiring that the participating health care provider providing obstetrical or gynecological care notify the primary care provider or the health plan company of treatment decisions.

Subd. 2. **Notice.** A health plan company shall provide notice to enrollees of the provisions of subdivision 1 in accordance with the requirements of the Affordable Care Act.

Subd. 3. **Enforcement.** The commissioner of health shall enforce this section.

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

Sec. 77. **[62Q.526] COVERAGE FOR PARTICIPATION IN APPROVED CLINICAL TRIALS.**

Subdivision 1. **Definitions.** As used in this section, the following definitions apply:

(a) "Approved clinical trial" means a phase I, phase II, phase III, or phase IV clinical trial that is conducted in relation to the prevention, detection, or treatment of cancer or a life-threatening condition and is not designed exclusively to test toxicity or disease pathophysiology and must be:

(1) conducted under an investigational new drug application reviewed by the United States Food and Drug Administration (FDA);

(2) exempt from obtaining an investigational new drug application; or

(3) approved or funded by:

(i) the National Institutes of Health (NIH), the Centers for Disease Control and Prevention, the Agency for Health Care Research and Quality, the Centers for Medicare and Medicaid Services, or a cooperating group or center of any of the entities described in this item;

(ii) a cooperative group or center of the United States Department of Defense or the United States Department of Veterans Affairs;

(iii) a qualified nongovernmental research entity identified in the guidelines issued by the NIH for center support grants; or

(iv) the United States Departments of Veterans Affairs, Defense, or Energy if the trial has been reviewed or approved through a system of peer review determined by the secretary to:

(A) be comparable to the system of peer review of studies and investigations used by the NIH; and

(B) provide an unbiased scientific review by qualified individuals who have no interest in the outcome of the review.

(b) "Qualified individual" means an individual with health plan coverage who is eligible to participate in an approved clinical trial according to the trial protocol for the treatment of cancer or a life-threatening condition because:

(1) the referring health care professional is participating in the trial and has concluded that the individual's participation in the trial would be appropriate; or

(2) the individual provides medical and scientific information establishing that the individual's participation in the trial is appropriate because the individual meets the conditions described in the trial protocol.

(c)(1) "Routine patient costs" includes all items and services covered by the health benefit plan of individual market health insurance coverage when the items or services are typically covered for an enrollee who is not a qualified individual enrolled in an approved clinical trial.

(2) Routine patient costs does not include:

(i) an investigational item, device, or service that is part of the trial;

(ii) an item or service provided solely to satisfy data collection and analysis needs for the trial if the item or service is not used in the direct clinical management of the patient;

(iii) a service that is clearly inconsistent with widely accepted and established standards of care for the individual's diagnosis; or

(iv) an item or service customarily provided and paid for by the sponsor of a trial.

Subd. 2. **Prohibited acts.** A health plan company that offers a health plan to a Minnesota resident may not:

(1) deny participation by a qualified individual in an approved clinical trial;

(2) deny, limit, or impose additional conditions on the coverage of routine patient costs for items or services furnished in connection with participation in the trial; or

(3) discriminate against an individual on the basis of an individual's participation in an approved clinical trial.

Subd. 3. **Network plan conditions.** A health plan company that designates a network or networks of contracted providers may require a qualified individual who wishes to participate in an approved clinical trial to participate in a trial that is offered through a health care provider who is part of the plan's network if the provider is participating in the trial and the provider accepts the individual as a participant in the trial.

Subd. 4. **Application to clinical trials outside of the state.** This section applies to a qualified individual residing in this state who participates in an approved clinical trial that is conducted outside of this state.

Subd. 5. **Construction.** (a) This section shall not be construed to require a health plan company offering health plan coverage through a network or networks of contracted providers to provide benefits for routine patient costs if the services are provided outside of the plan's network unless the out-of-network benefits are otherwise provided under the coverage.

(b) This section shall not be construed to limit a health plan company's coverage with respect to clinical trials.

(c) This section shall apply to all health plan companies offering a health plan to a Minnesota resident, unless otherwise amended by federal regulations under the Affordable Care Act.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 78. Minnesota Statutes 2012, section 62Q.55, is amended to read:

62Q.55 EMERGENCY SERVICES.

Subdivision 1. **Access to emergency services.** (a) Enrollees have the right to available and accessible emergency services, 24 hours a day and seven days a week. The health plan company shall inform its enrollees how to obtain emergency care ~~and, if prior authorization for emergency services is required, shall make available a toll-free number, which is answered 24 hours a day, to answer questions about emergency services and to receive reports and provide authorizations, where appropriate,~~ for treatment of emergency medical conditions. Emergency services shall be covered whether provided by participating or nonparticipating providers and whether provided within or outside the health plan company's service area. In reviewing a denial for coverage of emergency services, the health plan company shall take the following factors into consideration:

(1) a reasonable layperson's belief that the circumstances required immediate medical care that could not wait until the next working day or next available clinic appointment;

(2) the time of day and day of the week the care was provided;

(3) the presenting symptoms, including, but not limited to, severe pain, to ensure that the decision to reimburse the emergency care is not made solely on the basis of the actual diagnosis;

(4) the enrollee's efforts to follow the health plan company's established procedures for obtaining emergency care; and

(5) any circumstances that precluded use of the health plan company's established procedures for obtaining emergency care.

(b) The health plan company may require enrollees to notify the health plan company of nonreferred emergency care as soon as possible, but not later than 48 hours, after the emergency care is initially provided. However, emergency care which would have been covered under the contract had notice been provided within the set time frame must be covered.

(c) Notwithstanding paragraphs (a) and (b), a health plan company~~, health insurer, or health coverage plan~~ that is in compliance with the rules regarding accessibility of services adopted under section 62D.20 is in compliance with this section.

Subd. 2. **Emergency medical condition.** For purposes of this section, "emergency medical condition" means a medical condition manifesting itself by acute symptoms of sufficient severity, including severe pain, such that a prudent layperson, who possesses an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in a condition described in clause (i), (ii), or (iii), of section 1867(e)(1)(A) of the Social Security Act.

Subd. 3. **Emergency services.** As used in this section, "emergency services" means, with respect to an emergency medical condition:

(1) a medical screening examination, as required under section 1867 of the Social Security Act, that is within the capability of the emergency department of a hospital, including ancillary services routinely available to the emergency department to evaluate such emergency medical condition; and

(2) within the capabilities of the staff and facilities available at the hospital, such further medical examination and treatment as are required under section 1867 of the Social Security Act to stabilize the patient.

Subd. 4. **Stabilize.** For purposes of this section, "stabilize," with respect to an emergency medical condition, has the meaning given in section 1867(e)(3) of the Social Security Act, United States Code, title 42, section 1395dd(e)(3).

Subd. 5. **Coverage restrictions or limitations.** If emergency services are provided by a nonparticipating provider, with or without prior authorization, the health plan company shall not impose coverage restrictions or limitations that are more restrictive than apply to emergency services received from a participating provider. Cost-sharing requirements that apply to emergency services received out-of-network must be the same as the cost-sharing requirements that apply to services received in-network.

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

Sec. 79. **[62Q.57] DESIGNATION OF PRIMARY CARE PROVIDER.**

Subdivision 1. **Choice of primary care provider.** (a) If a health plan company offering a group health plan, or an individual health plan that is not a grandfathered plan, requires or provides for the designation by an enrollee of a participating primary care provider, the health plan company shall permit each enrollee to:

(1) designate any participating primary care provider available to accept the enrollee; and

(2) for a child, designate any participating physician who specializes in pediatrics as the child's primary care provider and available to accept the child.

(b) This section does not waive any exclusions of coverage under the terms and conditions of the health plan with respect to coverage of pediatric care.

Subd. 2. **Notice.** A health plan company shall provide notice to enrollees of the provisions of subdivision 1 in accordance with the requirements of the Affordable Care Act.

Subd. 3. **Enforcement.** The commissioner shall enforce this section.

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

Sec. 80. **[62Q.677] LIFETIME AND ANNUAL LIMITS.**

Subdivision 1. **Applicability and scope.** Except as provided in subdivision 2, this section applies to a health plan company providing coverage under an individual or group health plan. For purposes of this section, essential health benefits is defined under section 62Q.81.

Subd. 2. **Grandfathered plan limits.** (a) The prohibition on lifetime limits applies to grandfathered plans providing individual health plan coverage or group health plan coverage.

(b) The prohibition and limits on annual limits apply to grandfathered plans providing group health plan coverage, but do not apply to grandfathered plans providing individual health plan coverage.

Subd. 3. **Prohibition on lifetime and annual limits.** (a) Except as provided in subdivisions 4 and 5, a health plan company offering coverage under an individual or group health plan shall not establish a lifetime limit on the dollar amount of essential health benefits for any individual.

(b) Except as provided in subdivisions 4, 5, and 6, a health plan company shall not establish any annual limit on the dollar amount of essential health benefits for any individual.

Subd. 4. **Nonessential benefits; out-of-network providers.** (a) Subdivision 3 does not prevent a health plan company from placing annual or lifetime dollar limits for any individual on specific covered benefits that are not essential health benefits as defined in section 62Q.81, subdivision 4, to the extent that the limits are otherwise permitted under applicable federal or state law.

(b) Subdivision 3 does not prevent a health plan company from placing an annual or lifetime limit for services provided by out-of-network providers.

Subd. 5. **Excluded benefits.** This section does not prohibit a health plan company from excluding all benefits for a given condition.

Subd. 6. **Annual limits prior to January 1, 2014.** For plan or policy years beginning before January 1, 2014, for any individual, a health plan company may establish an annual limit on the dollar amount of benefits that are essential health benefits provided the limit is no less than the following:

(1) for a plan or policy year beginning after September 22, 2010, but before September 23, 2011, $750,000;

(2) for a plan or policy year beginning after September 22, 2011, but before September 23, 2012, $1,250,000; and

(3) for a plan or policy year beginning after September 22, 2012, but before January 1, 2014, $2,000,000.

In determining whether an individual has received benefits that meet or exceed the allowable limits, a health plan company shall take into account only essential health benefits.

Subd. 7. **Waivers.** For plan or policy years beginning before January 1, 2014, a health plan is exempt from the annual limit requirements if the health plan is approved for a waiver from the requirements by the United States Department of Health and Human Services, but the exemption only applies for the specified period of time that the waiver from the United States Department of Health and Human Services is applicable.

Subd. 8. **Notices.** (a) At the time a health plan company receives a waiver from the United States Department of Health and Human Services, the health plan company shall notify prospective applicants and affected policyholders and the commissioner in each state where prospective applicants and any affected insured are known to reside.

(b) At the time the waiver expires or is otherwise no longer in effect, the health plan company shall notify affected policyholders and the commissioner in each state where any affected insured is known to reside.

Subd. 9. **Reinstatement.** A health plan company shall comply with all provisions of the Affordable Care Act with regard to reinstatement of coverage for individuals whose coverage or benefits under a health plan ended by reason of reaching a lifetime dollar limit on the dollar value of all benefits for the individual.

Subd. 10. **Compliance.** This section does not require compliance with any provision of the Affordable Care Act before the effective date provided for that provision in the Affordable Care Act. The commissioner shall enforce this section.

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

Sec. 81. Minnesota Statutes 2012, section 62Q.68, subdivision 1, is amended to read:

Subdivision 1. **Application.** For purposes of sections 62Q.68 to 62Q.72, the terms defined in this section have the meanings given them. For purposes of sections 62Q.69 and 62Q.70, the term "health plan company" does not include an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01 or a nonprofit health service plan corporation regulated under chapter 62C that only provides dental coverage or vision coverage. For purposes of sections 62Q.69 through 62Q.73, the term "health plan company" does not include the Comprehensive Health Association created under chapter 62E. Section 62Q.70 does not apply to individual coverage. However, a health plan company offering individual coverage may, pursuant to section 62Q.69, subdivision 3, paragraph (c), follow the process outlined in section 62Q.70.

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

Sec. 82. Minnesota Statutes 2012, section 62Q.69, subdivision 3, is amended to read:

Subd. 3. **Notification of complaint decisions.** (a) The health plan company must notify the complainant in writing of its decision and the reasons for it as soon as practical but in no case later than 30 days after receipt of a written complaint. If the health plan company cannot make a decision within 30 days due to circumstances outside the control of the health plan company, the health plan company may take up to 14 additional days to notify the complainant of its decision. If the health plan company takes any additional days beyond the initial 30-day period to make its decision, it must inform the complainant, in advance, of the extension and the reasons for the extension.

(b) For group health plans, if the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to appeal the decision to the health plan company's internal appeal process described in section 62Q.70 and the procedure for initiating an appeal.

(c) For individual health plans, if the decision is partially or wholly adverse to the complainant, the notification must inform the complainant of the right to submit the complaint decision to the external review process described in section 62Q.73 and the procedure for initiating the external review process. Notwithstanding the provisions in this subdivision, a health plan company offering individual coverage may instead follow the process for group health plans outlined in paragraph (b).

~~(c)~~ (d) The notification must also inform the complainant of the right to submit the complaint at any time to either the commissioner of health or commerce for investigation and the toll-free telephone number of the appropriate commissioner.

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

Sec. 83. Minnesota Statutes 2012, section 62Q.70, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) Each health plan company shall establish an internal appeal process for reviewing a health plan company's decision regarding a complaint filed in accordance with section 62Q.69. The appeal process must meet the requirements of this section. This section applies only to group health plans. However, a health plan company offering individual coverage may, pursuant to section 62Q.69, subdivision 3, paragraph (c), follow the process outlined in this section.

(b) The person or persons with authority to resolve or recommend the resolution of the internal appeal must not be solely the same person or persons who made the complaint decision under section 62Q.69.

(c) The internal appeal process must permit the enrollee to review the information relied upon in the course of the appeal and the receipt of testimony, correspondence, explanations, or other information from the complainant, staff persons, administrators, providers, or other persons as deemed necessary by the person or persons investigating or presiding over the appeal.

(d) The enrollee must be allowed to receive continued coverage pending the outcome of the appeals process.

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

Sec. 84. Minnesota Statutes 2012, section 62Q.70, subdivision 2, is amended to read:

Subd. 2. **Procedures for filing an appeal.** The health plan company must provide notice to enrollees of its internal appeals process in a culturally and linguistically appropriate manner consistent with the provisions of the Affordable Care Act. If a complainant notifies the health plan company of the complainant's desire to appeal the health plan company's decision regarding the complaint through the internal appeal process, the health plan company must provide the complainant the option for the appeal to occur either in writing or by hearing.

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

Sec. 85. Minnesota Statutes 2012, section 62Q.71, is amended to read:

62Q.71 NOTICE TO ENROLLEES.

Each health plan company shall provide to enrollees a clear and concise description of its complaint resolution procedure, if applicable under section 62Q.68, subdivision 1, and the procedure used for utilization review as defined under chapter 62M as part of the member handbook, subscriber contract, or certificate of coverage. If the health plan company does not issue a member handbook, the health plan company may provide the description in another written document. The description must specifically inform enrollees:

(1) how to submit a complaint to the health plan company;

(2) if the health plan includes utilization review requirements, how to notify the utilization review organization in a timely manner and how to obtain certification for health care services;

(3) how to request an appeal either through the procedures described in ~~sections 62Q.69 and~~ section 62Q.70, if applicable, or through the procedures described in chapter 62M;

(4) of the right to file a complaint with either the commissioner of health or commerce at any time during the complaint and appeal process;

(5) of the toll-free telephone number of the appropriate commissioner; and

(6) of the right, for individual and group coverage, to obtain an external review under section 62Q.73 and a description of when and how that right may be exercised~~.~~, including that under most circumstances an enrollee must exhaust the internal complaint or appeal process prior to external review. However, an enrollee may proceed to external review without exhausting the internal complaint or appeal process under the following circumstances:

(i) the health plan company waives the exhaustion requirement;

(ii) the health plan company is considered to have waived the exhaustion requirement by failing to substantially comply with any requirements including, but not limited to, time limits for internal complaints or appeals; or

(iii) the enrollee has applied for an expedited external review at the same time the enrollee qualifies for and has applied for an expedited internal review under chapter 62M.

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

Sec. 86. Minnesota Statutes 2012, section 62Q.73, is amended to read:

62Q.73 EXTERNAL REVIEW OF ADVERSE DETERMINATIONS.

Subdivision 1. **Definition.** For purposes of this section, "adverse determination" means:

(1) for individual health plans, a complaint decision relating to a health care service or claim that is partially or wholly adverse to the complainant;

(2) an individual health plan that is grandfathered plan coverage may instead apply the definition of adverse determination for group coverage in clause (3);

(3) for group health plans, a complaint decision relating to a health care service or claim that has been appealed in accordance with section 62Q.70 and the appeal decision is partially or wholly adverse to the complainant;

~~(2)~~ (4) any initial determination not to certify that has been appealed in accordance with section 62M.06 and the appeal did not reverse the initial determination not to certify; ~~or~~

~~(3)~~ (5) a decision relating to a health care service made by a health plan company licensed under chapter 60A that denies the service on the basis that the service was not medically necessary~~.~~; or

(6) the enrollee has met the requirements of subdivision 6, paragraph (e).

An adverse determination does not include complaints relating to fraudulent marketing practices or agent misrepresentation.

Subd. 2. **Exception.** (a) This section does not apply to governmental programs except as permitted under paragraph (b). For purposes of this subdivision, "governmental programs" means the prepaid medical assistance program, the MinnesotaCare program, the prepaid general assistance medical care program, the demonstration project for people with disabilities, and the federal Medicare program.

(b) In the course of a recipient's appeal of a medical determination to the commissioner of human services under section 256.045, the recipient may request an expert medical opinion be arranged by the external review entity under contract to provide independent external reviews under this section. If such a request is made, the cost of the review shall be paid by the commissioner of human services. Any medical opinion obtained under this paragraph shall only be used by a state human services referee as evidence in the recipient's appeal to the commissioner of human services under section 256.045.

(c) Nothing in this subdivision shall be construed to limit or restrict the appeal rights provided in section 256.045 for governmental program recipients.

Subd. 3. **Right to external review.** (a) Any enrollee or anyone acting on behalf of an enrollee who has received an adverse determination may submit a written request for an external review of the adverse determination, if applicable under section 62Q.68, subdivision 1, or 62M.06, to the commissioner of health if the request involves a

health plan company regulated by that commissioner or to the commissioner of commerce if the request involves a health plan company regulated by that commissioner. Notification of the enrollee's right to external review must accompany the denial issued by the insurer. The written request must be accompanied by a filing fee of $25. The fee may be waived by the commissioner of health or commerce in cases of financial hardship and must be refunded if the adverse determination is completely reversed. No enrollee may be subject to filing fees totaling more than $75 during a plan year for group coverage or policy year for individual coverage.

(b) Nothing in this section requires the commissioner of health or commerce to independently investigate an adverse determination referred for independent external review.

(c) If an enrollee requests an external review, the health plan company must participate in the external review. The cost of the external review in excess of the filing fee described in paragraph (a) shall be borne by the health plan company.

(d) The enrollee must request external review within six months from the date of the adverse determination.

Subd. 4. **Contract.** Pursuant to a request for proposal, the commissioner of administration, in consultation with the commissioners of health and commerce, shall contract with ~~an organization~~ at least three organizations or business ~~entity~~ entities to provide independent external reviews of all adverse determinations submitted for external review. The contract shall ensure that the fees for services rendered in connection with the reviews ~~be~~ are reasonable.

Subd. 5. **Criteria.** ~~(a)~~ The request for proposal must require that the entity demonstrate:

(1) no conflicts of interest in that it is not owned, a subsidiary of, or affiliated with a health plan company ~~or~~, utilization review organization, or a trade organization of health care providers;

(2) an expertise in dispute resolution;

(3) an expertise in health-related law;

(4) an ability to conduct reviews using a variety of alternative dispute resolution procedures depending upon the nature of the dispute;

(5) an ability to maintain written records, for at least three years, regarding reviews conducted and provide data to the commissioners of health and commerce upon request on reviews conducted; ~~and~~

(6) an ability to ensure confidentiality of medical records and other enrollee information~~.~~;

(7) accreditation by nationally recognized private accrediting organization; and

(8) the ability to provide an expedited external review process.

~~(b) The commissioner of administration shall take into consideration, in awarding the contract according to subdivision 4, any national accreditation standards that pertain to an external review entity.~~

Subd. 6. **Process.** (a) Upon receiving a request for an external review, the commissioner shall assign an external review entity on a random basis. The assigned external review entity must provide immediate notice of the review to the enrollee and to the health plan company. Within ten business days of receiving notice of the review, the health plan company and the enrollee must provide the assigned external review entity with any information that they wish to be considered. Each party shall be provided an opportunity to present its version of the facts and arguments. The assigned external review entity must furnish to the health plan company any additional information submitted by the enrollee within one business day of receipt. An enrollee may be assisted or represented by a person of the enrollee's choice.

(b) As part of the external review process, any aspect of an external review involving a medical determination must be performed by a health care professional with expertise in the medical issue being reviewed.

(c) An external review shall be made as soon as practical but in no case later than ~~40~~ 45 days after receiving the request for an external review and must promptly send written notice of the decision and the reasons for it to the enrollee, the health plan company, and the commissioner who is responsible for regulating the health plan company.

(d) The external review entity and the clinical reviewer assigned must not have a material professional, familial, or financial conflict of interest with:

(1) the health plan company that is the subject of the external review;

(2) the enrollee, or any parties related to the enrollee, whose treatment is the subject of the external review;

(3) any officer, director, or management employee of the health plan company;

(4) a plan administrator, plan fiduciaries, or plan employees;

(5) the health care provider, the health care provider's group, or practice association recommending treatment that is the subject of the external review;

(6) the facility at which the recommended treatment would be provided; or

(7) the developer or manufacturer of the principal drug, device, procedure, or other therapy being recommended.

(e)(1) An expedited external review must be provided if the enrollee requests it after receiving:

(i) an adverse determination that involves a medical condition for which the time frame for completion of an expedited internal appeal would seriously jeopardize the life or health of the enrollee or would jeopardize the enrollee's ability to regain maximum function and the enrollee has simultaneously requested an expedited internal appeal;

(ii) an adverse determination that concerns an admission, availability of care, continued stay, or health care service for which the enrollee received emergency services but has not been discharged from a facility; or

(iii) an adverse determination that involves a medical condition for which the standard external review time would seriously jeopardize the life or health of the enrollee or jeopardize the enrollee's ability to regain maximum function.

(2) The external review entity must make its expedited determination to uphold or reverse the adverse determination as expeditiously as possible but within no more than 72 hours after the receipt of the request for expedited review and notify the enrollee and the health plan company of the determination.

(3) If the external review entity's notification is not in writing, the external review entity must provide written confirmation of the determination within 48 hours of the notification.

Subd. 7. **Standards of review.** (a) For an external review of any issue in an adverse determination that does not require a medical necessity determination, the external review must be based on whether the adverse determination was in compliance with the enrollee's health benefit plan.

(b) For an external review of any issue in an adverse determination by a health plan company licensed under chapter 62D that requires a medical necessity determination, the external review must determine whether the adverse determination was consistent with the definition of medically necessary care in Minnesota Rules, part 4685.0100, subpart 9b.

(c) For an external review of any issue in an adverse determination by a health plan company, other than a health plan company licensed under chapter 62D, that requires a medical necessity determination, the external review must determine whether the adverse determination was consistent with the definition of medically necessary care in section 62Q.53, subdivision 2.

(d) For an external review of an adverse determination involving experimental or investigational treatment, the external review entity must base its decision on all documents submitted by the health plan company and enrollee, including medical records, the attending physician or health care professional's recommendation, consulting reports from health care professionals, the terms of coverage, federal Food and Drug Administration approval, and medical or scientific evidence or evidence-based standards.

Subd. 8. **Effects of external review.** A decision rendered under this section shall be nonbinding on the enrollee and binding on the health plan company. The health plan company may seek judicial review of the decision on the grounds that the decision was arbitrary and capricious or involved an abuse of discretion.

Subd. 9. **Immunity from civil liability.** A person who participates in an external review by investigating, reviewing materials, providing technical expertise, or rendering a decision shall not be civilly liable for any action that is taken in good faith, that is within the scope of the person's duties, and that does not constitute willful or reckless misconduct.

Subd. 10. **Data reporting.** The commissioners shall make available to the public, upon request, summary data on the decisions rendered under this section, including the number of reviews heard and decided and the final outcomes. Any data released to the public must not individually identify the enrollee initiating the request for external review.

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

Sec. 87. Minnesota Statutes 2012, section 62Q.75, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given to them.

(b) "Clean claim" means a claim that has no defect or impropriety, including any lack of any required substantiating documentation, including, but not limited to, coordination of benefits information, or particular circumstance requiring special treatment that prevents timely payment from being made on a claim under this section. A special circumstance includes, but is not limited to, a claim held pending payment of an overdue premium for the time period during which the expense was incurred as allowed by the Affordable Care Act. Nothing in this section alters an enrollee's obligation to disclose information as required by law.

(c) "Third-party administrator" means a third-party administrator or other entity subject to section 60A.23, subdivision 8, and Minnesota Rules, chapter 2767.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 88. Minnesota Statutes 2012, section 62Q.80, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following definitions apply:

(a) "Community-based" means located in or primarily relating to the community, as determined by the board of a community-based health initiative that is served by the community-based health care coverage program.

(b) "Community-based health care coverage program" or "program" means a program administered by a community-based health initiative that provides health care services through provider members of a community-based health network or combination of networks to eligible individuals and their dependents who are enrolled in the program.

(c) "Community-based health initiative" or "initiative" means a nonprofit corporation that is governed by a board that has at least 80 percent of its members residing in the community and includes representatives of the participating network providers and employers, or a county-based purchasing organization as defined in section 256B.692.

(d) "Community-based health network" means a contract-based network of health care providers organized by the community-based health initiative to provide or support the delivery of health care services to enrollees of the community-based health care coverage program on a risk-sharing or nonrisk-sharing basis.

(e) "Dependent" means an eligible employee's spouse or ~~unmarried~~ child who is under the age of ~~19~~ 26 years.

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

Sec. 89. **[62Q.81] ESSENTIAL HEALTH BENEFIT PACKAGE REQUIREMENTS.**

Subdivision 1. **Essential health benefits package.** (a) Health plan companies offering individual and small group health plans must include the essential health benefits package required under section 1302(a) of the Affordable Care Act and as described in this subdivision.

(b) The essential health benefits package means coverage that:

(1) provides essential health benefits as outlined in the Affordable Care Act;

(2) limits cost-sharing for such coverage in accordance with the Affordable Care Act, as described in subdivision 2; and

(3) subject to subdivision 3, provides bronze, silver, gold, or platinum level of coverage in accordance with the Affordable Care Act.

Subd. 2. **Coverage for enrollees under the age of 21.** If a health plan company offers health plans in any level of coverage specified under section 1302(d) of the Affordable Care Act, as described in subdivision 1, paragraph (b), clause (3), the health plan company shall also offer coverage in that level to individuals who have not attained 21 years of age as of the beginning of a policy year.

Subd. 3. **Alternative compliance for catastrophic plans.** A health plan company that does not provide an individual or small group health plan in the bronze, silver, gold, or platinum level of coverage, as described in subdivision 1, paragraph (b), clause (3), shall be treated as meeting the requirements of section 1302(d) of the Affordable Care Act with respect to any policy year if the health plan company provides a catastrophic plan that meets the requirements of section 1302(e) of the Affordable Care Act.

Subd. 4. **Essential health benefits; definition.** For purposes of this section, "essential health benefits" has the meaning given under section 1302(b) of the Affordable Care Act and includes:

(1) ambulatory patient services;

(2) emergency services;

(3) hospitalization;

(4) laboratory services;

(5) maternity and newborn care;

(6) mental health and substance use disorder services, including behavioral health treatment;

(7) pediatric services, including oral and vision care;

(8) prescription drugs;

(9) preventive and wellness services and chronic disease management;

(10) rehabilitative and habilitative services and devices; and

(11) additional essential health benefits included in the EHB-benchmark plan, as defined under the Affordable Care Act.

Subd. 5. **Exception.** This section does not apply to a dental plan described in section 1311(d)(2)(B)(ii) of the Affordable Care Act.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 90. **[62Q.82] BENEFITS AND COVERAGE EXPLANATION.**

Subdivision 1. **Summary.** Health plan companies offering health plans shall provide a summary of benefits and coverage explanation as required by the Affordable Care Act to:

(1) an applicant at the time of application;

(2) an enrollee prior to the time of enrollment or reenrollment, as applicable; and

(3) a policyholder at the time of issuance of the policy.

Subd. 2. **Compliance.** A health plan company described in subdivision 1 shall be deemed to have complied with subdivision 1 if the summary of benefits and coverage explanation is provided in paper or electronic form as required under the Affordable Care Act.

Subd. 3. **Notice of modification.** Except in connection with a policy renewal or reissuance, if a health plan company makes any material modifications in any of the terms of the coverage, as defined for purposes of section 102 of the federal Employee Retirement Income Security Act of 1974, as amended, that is not reflected in the most recently provided summary of benefits and coverage explanation, the health plan company shall provide notice of the modification to enrollees not later than 60 days prior to the date on which the modification will become effective.

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

Sec. 91. Minnesota Statutes 2012, section 72A.20, subdivision 35, is amended to read:

Subd. 35. **Determination of health plan policy limits.** Any health plan under section 62A.011, subdivision 3, that includes a specific policy limit within its insurance policy, certificate, or subscriber agreement shall calculate the policy limit by using the amount actually paid on behalf of the insured, subscriber, or dependents for services covered under the policy, subscriber agreement, or certificate unless the amount paid is greater than the billed charge. This provision does not permit the application of a specific policy limit within a health plan where the limit is prohibited under the Affordable Care Act as defined in section 62A.011, subdivision 1a.

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

Sec. 92. Minnesota Statutes 2012, section 471.61, subdivision 1a, is amended to read:

Subd. 1a. **Dependents.** Notwithstanding the provisions of Minnesota Statutes 1969, section 471.61, as amended by Laws 1971, chapter 451, section 1, the word "dependents" as used therein shall mean spouse and ~~minor unmarried~~ children under the age of ~~18~~ 26 years ~~and dependent students under the age of 25 years actually dependent upon the employee~~.

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

Sec. 93. **REPEALER.**

(a) Minnesota Statutes 2012, section 62E.02, subdivision 7, is repealed effective the day following final enactment.

(b) Minnesota Statutes 2012, sections 62A.615; 62A.65, subdivision 6; 62E.16; 62E.20; 62L.02, subdivisions 4, 18, 19, 23, and 24; 62L.05, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 11, 12, and 13; 62L.081; 62L.10, subdivision 5; and 62Q.37, subdivision 5, are repealed effective January 1, 2014.

ARTICLE 2
MARKET RULES FOR AFFORDABLE CARE ACT

Section 1. Minnesota Statutes 2012, section 62D.124, subdivision 4, is amended to read:

Subd. 4. **Application.** (a) Subdivisions 1 and 2 do not apply if an enrollee is referred to a referral center for health care services.

(b) Subdivision 1 does not apply:

(1) if an enrollee has chosen a health plan with full knowledge that the health plan has no participating providers within 30 miles or 30 minutes of the enrollee's place of residence; or

(2) to service areas approved before May 24, 1993.

(c) For coverage that is effective on or after January 1, 2014, subdivisions 1 and 2 do not apply to an individual or small group health plan that is not a grandfathered plan, as defined under section 62A.011, subdivision 1c.

Sec. 2. **[62K.01] TITLE.**

This chapter may be cited as the "Minnesota Health Plan Market Rules."

Sec. 3. **[62K.02] PURPOSE AND SCOPE.**

Subdivision 1. **Purpose.** The market rules set forth in this chapter serve to clarify and provide guidance on the application of state law and certain requirements of the Affordable Care Act on all health carriers offering health plans in Minnesota, whether or not through the Minnesota Insurance Marketplace, to ensure fair competition for all health carriers in Minnesota, to minimize adverse selection, and to ensure that health plans are offered in a manner that protects consumers and promotes the provision of high-quality affordable health care, and improved health outcomes. This chapter contains the regulatory requirements as specified in section 62V.05, subdivision 5, paragraph (b), and shall fully satisfy the requirements of section 62V.05, subdivision 5, paragraph (b).

Subd. 2. **Scope.** (a) This chapter applies only to health plans offered in the individual market or the small group market.

(b) This chapter applies to health carriers with respect to individual health plans and small group health plans, unless otherwise specified.

(c) If a health carrier issues or renews individual or small group health plans in other states, this chapter applies only to health plans issued or renewed in this state to a Minnesota resident, or to cover a resident of the state, or issued or renewed to a small employer that is actively engaged in business in this state, unless otherwise specified.

(d) This chapter does not apply to short-term coverage as defined in section 62A.65, subdivision 7, or grandfathered plan coverage as defined in section 62A.011, subdivision 1b.

EFFECTIVE DATE. This section is effective for health plans that are offered, sold, issued or renewed on or after January 1, 2014.

Sec. 4. **[62K.03] DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 2. **Affordable Care Act.** "Affordable Care Act" means the federal Patient Protection and Affordable Care Act, Public Law 111-148, as amended, including the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and any amendments, and any federal guidance or regulations issued under these acts.

Subd. 3. **Dental plan.** "Dental plan" means a dental plan as defined in section 62Q.76, subdivision 3.

Subd. 4. **Enrollee.** "Enrollee" means a natural person covered by a health plan and includes an insured policyholder, subscriber, contract holder, member, covered person, or certificate holder.

Subd. 5. **Health carrier.** "Health carrier" means a health carrier as defined in section 62A.011, subdivision 2.

Subd. 6. **Health plan.** "Health plan" means a health plan as defined in section 62A.011, subdivision 3.

Subd. 7. **Individual health plan.** "Individual health plan" means an individual health plan as defined in Minnesota Statutes, section 62A.011, subdivision 4.

Subd. 8. **Limited-scope pediatric dental plan.** "Limited-scope pediatric dental plan" means a dental plan meeting the requirements of section 9832(c)(2)(A) of the Internal Revenue Code of 1986, as amended, that provides only pediatric dental benefits meeting the requirements of the Affordable Care Act and is offered by a health carrier. A limited-scope pediatric dental plan includes a dental plan that is offered separately or in conjunction with an individual or small group health plan to individuals who have not attained the age of 19 years as of the beginning of the policy year or to a family.

Subd. 9. **Minnesota Insurance Marketplace.** "Minnesota Insurance Marketplace" means the Minnesota Insurance Marketplace as defined in section 62V.02.

Subd. 10. **Preferred provider organization.** "Preferred provider organization" means a health plan that provides discounts to enrollees or subscribers for services they receive from certain health care providers.

Subd. 11. **Qualified health plan.** "Qualified health plan" means a health plan that meets the definition in the Affordable Care Act and has been certified by the board of the Minnesota Insurance Marketplace in accordance with chapter 62V to be offered through the Minnesota Insurance Marketplace.

Subd. 12. **Small group health plan.** "Small group health plan" means a health plan issued by a health carrier to a small employer as defined in section 62L.02, subdivision 26.

EFFECTIVE DATE. This section is effective for health plans that are offered, sold, issued, or renewed on or after January 1, 2014.

Sec. 5. **[62K.04] MARKET RULES; VIOLATION.**

Subdivision 1. **Compliance.** (a) A health carrier issuing an individual health plan to a Minnesota resident or a small group health plan to provide coverage to a small employer that is actively engaged in business in Minnesota shall meet all of the requirements set forth in this chapter. The failure to meet any of the requirements under this chapter constitutes a violation of section 72A.20.

(b) The requirements of this chapter do not apply to short-term coverage as defined in section 62A.65, subdivision 7, or grandfathered plan coverage as defined in section 62A.011, subdivision 1c.

Subd. 2. **Penalties.** In addition to any other penalties provided by the laws of this state or by federal law, a health carrier or any other person found to have violated any requirement of this chapter may be subject to the administrative procedures, enforcement actions, and penalties provided under section 45.027 and chapters 62D and 72A.

Sec. 6. **[62K.05] FEDERAL ACT; COMPLIANCE REQUIRED.**

A health carrier shall comply with all provisions of the Affordable Care Act to the extent that it imposes a requirement that applies in this state. Compliance with any provision of the Affordable Care Act is required as of the effective date established for that provision in the federal act, except as otherwise specifically stated earlier in state law.

Sec. 7. **[62K.06] METAL LEVEL MANDATORY OFFERINGS.**

Subdivision 1. **Identification.** A health carrier that offers individual or small group health plans in Minnesota must provide documentation to the commissioner of commerce to justify actuarial value levels as specified in section 1302(d) of the Affordable Care Act for all individual and small group health plans offered inside and outside of the Minnesota Insurance Marketplace.

Subd. 2. **Minimum levels.** (a) A health carrier that offers a catastrophic plan or a bronze level health plan within a service area in either the individual or small group market must also offer a silver level and a gold level health plan in that market and within that service area.

(b) A health carrier with less than five percent market share in the respective individual or small group market in Minnesota is exempt from paragraph (a), until January 1, 2020, unless the health carrier offers a qualified health plan through the Minnesota Insurance Marketplace. If the health carrier offers a qualified health plan through the Minnesota Insurance Marketplace, the health carrier must comply with paragraph (a).

Subd. 3. **Minnesota Insurance Marketplace restriction.** The Minnesota Insurance Marketplace may not, by contract or otherwise, mandate the types of health plans to be offered by a health carrier to individuals or small employers purchasing health plans outside of the Minnesota Insurance Marketplace. Solely for purposes of this subdivision, "health plan" includes coverage that is excluded under section 62A.011, subdivision 3, clause (6).

Subd. 4. **Metal level defined.** For purposes of this section, the metal levels and catastrophic plans are defined in section 1302(d) and (e) of the Affordable Care Act.

Subd. 5. **Enforcement.** The commissioner of commerce shall enforce this section.

Sec. 8. **[62K.07] INFORMATION DISCLOSURES.**

(a) A health carrier offering individual or small group health plans must submit the following information in a format determined by the commissioner of commerce:

(1) claims payment policies and practices, including provider fee schedules that are not less than providers' overall cost of providing care;

(2) periodic financial disclosures;

(3) data on enrollment;

(4) data on disenrollment;

(5) data on the number of claims that are denied;

(6) data on rating practices;

(7) information on cost-sharing and payments with respect to out-of-network coverage; and

(8) other information required by the secretary of the United States Department of Health and Human Services under the Affordable Care Act.

(b) A health carrier offering an individual or small group health plan must comply with all information disclosure requirements of all applicable state and federal law, including the Affordable Care Act.

(c) Information reported under paragraph (a), clauses (3) and (4), is nonpublic data as defined under section 13.02, subdivision 9.

(d) The commissioner of commerce shall enforce this section.

Sec. 9. **[62K.08] MARKETING STANDARDS.**

Subdivision 1. **Marketing.** (a) A health carrier offering individual or small group health plans must comply with all applicable provisions of the Affordable Care Act, including, but not limited to, the following:

(1) compliance with all state laws pertaining to the marketing of individual or small group health plans; and

(2) establishing marketing practices and benefit designs that will not have the effect of discouraging the enrollment of individuals with significant health needs in the health plan.

(b) No marketing materials may lead consumers to believe that all health care needs will be covered.

Subd. 2. **Enforcement.** The commissioner of commerce shall enforce this section.

EFFECTIVE DATE. This section is effective for health plans offered, sold, issued, or renewed on or after January 1, 2014.

Sec. 10. **[62K.09] ACCREDITATION STANDARDS.**

Subdivision 1. **Accreditation; general.** (a) A health carrier that offers any individual or small group health plans in Minnesota outside of the Minnesota Insurance Marketplace must be accredited in accordance with this subdivision. A health carrier must obtain accreditation through URAC, the National Committee for Quality Assurance (NCQA), or any entity recognized by the United States Department of Health and Human Services for accreditation of health insurance issuers or health plans by January 1, 2018. Proof of accreditation must be submitted to the commissioner of health in a form prescribed by the commissioner of health.

(b) A health carrier that rents a provider network is exempt from this subdivision, unless it is part of a holding company as defined in section 60D.15 that in aggregate exceeds ten percent market share in either the individual or small group market in Minnesota.

Subd. 2. **Accreditation; Minnesota Insurance Marketplace.** (a) The Minnesota Insurance Marketplace shall require all health carriers offering a qualified health plan through the Minnesota Insurance Marketplace to obtain the appropriate level of accreditation no later than the third year after the first year the health carrier offers a qualified health plan through the Minnesota Insurance Marketplace. A health carrier must take the first step of the accreditation process during the first year in which it offers a qualified health plan. A health carrier that offers a qualified health plan on January 1, 2014, must obtain accreditation by the end of the 2016 plan year.

(b) To the extent a health carrier cannot obtain accreditation due to low volume of enrollees, an exception to this accreditation criterion may be granted by the Minnesota Insurance Marketplace until such time as the health carrier has a sufficient volume of enrollees.

Subd. 3. **Oversight.** A health carrier shall comply with a request from the commissioner of health to confirm accreditation or progress toward accreditation.

Subd. 4. **Enforcement.** The commissioner of health shall enforce this section.

Sec. 11. **[62K.10] GEOGRAPHIC ACCESSIBILITY; PROVIDER NETWORK ADEQUACY.**

Subdivision 1. **Applicability.** (a) This section applies to all health carriers that either require an enrollee to use or that create incentives, including financial incentives, for an enrollee to use, health care providers that are managed, owned, under contract with, or employed by the health carrier. A health carrier that does not manage, own, or contract directly with providers in Minnesota is exempt from this section, unless it is part of a holding company as defined in section 60D.15 that in aggregate exceeds ten percent in either the individual or small group market in Minnesota.

(b) Health carriers renting provider networks from other entities must submit the rental agreement or contract to the commissioner of health for approval. In reviewing the agreements or contracts, the commissioner shall review the agreement or contract to ensure that the entity contracting with health care providers accepts responsibility to meet the requirements in this section.

Subd. 2. **Primary care; mental health services; general hospital services.** The maximum travel distance or time shall be the lesser of 30 miles or 30 minutes to the nearest provider of each of the following services: primary care services, mental health services, and general hospital services.

Subd. 3. **Other health services.** The maximum travel distance or time shall be the lesser of 60 miles or 60 minutes to the nearest provider of specialty physician services, ancillary services, specialized hospital services, and all other health services not listed in subdivision 2.

Subd. 4. **Network adequacy.** Each designated provider network must include a sufficient number and type of providers, including providers that specialize in mental health and substance use disorder services, to ensure that covered services are available to all enrollees without unreasonable delay. In determining network adequacy, the commissioner of health shall consider availability of services, including the following:

(1) primary care physician services are available and accessible 24 hours per day, seven days per week, within the network area;

(2) a sufficient number of primary care physicians have hospital admitting privileges at one or more participating hospitals within the network area so that necessary admissions are made on a timely basis consistent with generally accepted practice parameters;

(3) specialty physician service is available through the network or contract arrangement;

(4) mental health and substance use disorder treatment providers are available and accessible through the network or contract arrangement;

(5) to the extent that primary care services are provided through primary care providers other than physicians, and to the extent permitted under applicable scope of practice in state law for a given provider, these services shall be available and accessible; and

(6) the network has available, either directly or through arrangements, appropriate and sufficient personnel, physical resources, and equipment to meet the projected needs of enrollees for covered health care services.

Subd. 5. **Waiver.** A health carrier or preferred provider organization may apply to the commissioner of health for a waiver of the requirements in subdivision 2 or 3 if it is unable to meet the statutory requirements. A waiver application must be made on a form provided by the commissioner and must:

(1) demonstrate with specific data that the requirement of subdivision 2 or 3 is not feasible in a particular service area or part of a service area; and

(2) include information as to the steps that were and will be taken to address the network inadequacy.

The waiver will automatically expire after four years. If a renewal of the waiver is sought, the commissioner of health will take into consideration steps that have been taken to address network adequacy.

Subd. 6. **Referral centers.** Subdivisions 2 and 3 shall not apply if an enrollee is referred to a referral center for health care services. A referral center is a medical facility that provides highly specialized medical care, including but not limited to organ transplants. A health carrier or preferred provider organization may consider the volume of services provided annually, case mix, and severity adjusted mortality and morbidity rates in designating a referral center.

Subd. 7. **Essential community providers.** Each health carrier must comply with section 62Q.19.

Subd. 8. **Enforcement.** The commissioner of health shall enforce this section.

EFFECTIVE DATE. This section is effective for coverage effective on or after January 1, 2014.

Sec. 12. **[62K.11] BALANCE BILLING PROHIBITED.**

(a) A network provider is prohibited from billing an enrollee for any amount in excess of the allowable amount the health carrier has contracted for with the provider as total payment for the health care service. A network provider is permitted to bill an enrollee the approved co-payment deductible or coinsurance.

(b) A network provider is permitted to bill an enrollee for services not covered by the enrollee's health plan as long as the enrollee agrees in writing in advance before the service is performed to pay for the noncovered service.

Sec. 13. **[62K.12] QUALITY ASSURANCE AND IMPROVEMENT.**

Subdivision 1. **General.** (a) All health carriers offering an individual health plan or small group health plan must have a written internal quality assurance and improvement program that, at a minimum:

(1) provides for ongoing evaluation of the quality of health care provided to its enrollees;

(2) periodically reports the evaluation of the quality of health care to the health carrier's governing body;

(3) follows policies and procedures for the selection and credentialing of network providers that is consistent with community standards;

(4) conducts focused studies directed at problems, potential problems, or areas with potential for improvements in care;

(5) conducts enrollee satisfaction surveys and monitors oral and written complaints submitted by enrollees or members; and

(6) collects and reports Health Effectiveness Data and Information Set (HEDIS) measures and conducts other quality assessment and improvement activities as directed by the commissioner of health.

(b) The commissioner of health shall submit a report to the chairs and ranking minority members of senate and house of representatives committees with primary jurisdiction over commerce and health policy by February 15, 2015, with recommendations for specific quality assurance and improvement standards for all Minnesota health carriers. The recommended standards must not require duplicative data gathering, analysis, or reporting by health carriers.

Subd. 2. **Exemption.** A health carrier that rents a provider network is exempt from this section, unless it is part of a holding company as defined in section 60D.15 that in aggregate exceeds ten percent market share in either the individual or small group market in Minnesota.

Subd. 3. **Waiver.** A health carrier that has obtained accreditation through the URAC for network management; quality improvement; credentialing; member protection; and utilization management, or has achieved an excellent or commendable level ranking from the National Committee for Quality Assurance (NCQA), shall be deemed to meet the requirements of subdivision 1. Proof of accreditation must be submitted to the commissioner of health in a form prescribed by the commissioner. The commissioner may adopt rules to recognize similar accreditation standards from any entity recognized by the United States Department of Health and Human Services for accreditation of health insurance issuers or health plans.

Subd. 4. **Enforcement.** The commissioner of health shall enforce this section.

Sec. 14. **[62K.13] SERVICE AREA REQUIREMENTS.**

(a) Any health carrier that offers an individual or small group health plan, must offer the health plan in a service area that is at least the entire geographic area of a county unless serving a smaller geographic area is necessary, nondiscriminatory, and in the best interest of enrollees. The service area for any individual or small group health plan must be established without regard to racial, ethnic, language, concentrated poverty, or health status-related factors, or other factors that exclude specific high-utilizing, high-cost, or medically underserved populations.

(b) If a health carrier that offers an individual or small group health plan requests to serve less than the entire county, the request must be made to the commissioner of health on a form and manner determined by the commissioner and must provide specific data demonstrating that the service area is not discriminatory, is necessary, and is in the best interest of enrollees.

(c) The commissioner of health shall enforce this section.

Sec. 15. **[62K.14] LIMITED-SCOPE PEDIATRIC DENTAL PLANS.**

(a) Limited-scope pediatric dental plans must be offered on a guaranteed issue basis with premiums rated on allowable rating factors used for health plans. The commissioner of commerce shall enforce this paragraph.

(b) Limited-scope pediatric dental plans must ensure primary care dental services are available within 60 miles or 60 minutes' travel time. The commissioner of health shall enforce this paragraph.

(c) If a stand-alone dental plan as defined under the Affordable Care Act or a limited-scope pediatric dental plan is offered, either separately or in conjunction with a health plan offered to individuals or small employers, the health plan shall not be considered in noncompliance with the requirements of the essential benefit package in the Affordable Care Act because the health plan does not offer coverage of pediatric dental benefits if these benefits are covered through the stand-alone or limited-scope pediatric dental plan.

(d) Health carriers offering limited-scope pediatric dental plans must comply with this section and sections 62K.07, 62K.08, and 62K.13.

EFFECTIVE DATE. This section is effective for health plans that are offered, sold, issued, or renewed on or after January 1, 2014.

Sec. 16. **[62K.15] ANNUAL OPEN ENROLLMENT PERIODS.**

(a) Health carriers offering individual health plans must limit annual enrollment in the individual market to the annual open enrollment periods for the Minnesota Insurance Marketplace. Nothing in this section limits the application of special or limited open enrollment periods as defined under the Affordable Care Act.

(b) Health carriers offering individual health plans must inform all applicants at the time of application and enrollees at least annually of the open and special enrollment periods as defined under the Affordable Care Act.

(c) The commissioner of commerce shall enforce this section.

Sec. 17. Minnesota Statutes 2012, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. **Designation.** (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations, underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

(i) has nonprofit status in accordance with chapter 317A;

(ii) has tax-exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);

(iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and

(iv) does not restrict access or services because of a client's financial limitation;

(3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;

(4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions;

(5) a sole community hospital. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services. For purposes of this section, "sole community hospital" means a rural hospital that:

(i) is eligible to be classified as a sole community hospital according to Code of Federal Regulations, title 42, section 412.92, or is located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services;

(ii) has experienced net operating income losses in two of the previous three most recent consecutive hospital fiscal years for which audited financial information is available; and

(iii) consists of 40 or fewer licensed beds; ~~or~~

(6) a birth center licensed under section 144.615~~.~~<u>; or</u>

<u>(7) a hospital or affiliated specialty clinics whose inpatients are predominantly under 21 years of age, for intensive specialty pediatric services that are only routinely provided in four or fewer hospitals in the state and that serve children from at least half the counties of Minnesota.</u>

(b) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.

(c) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.

(d) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.

Sec. 18. **EFFECTIVE DATE.**

Sections 1 to 17 are effective for health plans offered, sold, issued or renewed on or after January 1, 2015, unless otherwise specified."

Delete the title and insert:

"A bill for an act relating to health plan regulation; regulating policy and contract coverages; conforming state law to federal requirements; establishing health plan market rules; modifying the designation of essential community providers; amending Minnesota Statutes 2012, sections 43A.23, subdivision 1; 43A.317, subdivision 6; 60A.08, subdivision 15; 62A.011, subdivision 3, by adding subdivisions; 62A.02, by adding a subdivision; 62A.03, subdivision 1; 62A.04, subdivision 2; 62A.047; 62A.049; 62A.136; 62A.149, subdivision 1; 62A.17, subdivisions 2, 6; 62A.21, subdivision 2b; 62A.28, subdivision 2; 62A.302; 62A.615; 62A.65, subdivisions 3, 5, 6, 7, by adding subdivisions; 62C.14, subdivision 5; 62C.142, subdivision 2; 62D.07, subdivision 3; 62D.095; 62D.124, subdivision 4; 62D.181, subdivision 7; 62E.02, by adding a subdivision; 62E.04, subdivision 4, by adding a subdivision; 62E.06, subdivision 1; 62E.09; 62E.10, subdivision 7; 62H.04; 62L.02, subdivisions 11, 14a, 26, by adding a subdivision; 62L.03, subdivisions 1, 3, 4, 6; 62L.045, subdivisions 2, 4; 62L.05, subdivision 10; 62L.06; 62L.08; 62L.12, subdivision 2; 62M.05, subdivision 3a; 62M.06, subdivision 1; 62Q.01, by adding subdivisions; 62Q.021; 62Q.17, subdivision 6; 62Q.18, by adding a subdivision; 62Q.19, subdivision 1; 62Q.23; 62Q.43, subdivision 2; 62Q.47; 62Q.52; 62Q.55; 62Q.68, subdivision 1; 62Q.69, subdivision 3; 62Q.70, subdivisions 1, 2; 62Q.71; 62Q.73; 62Q.75, subdivision 1; 62Q.80, subdivision 2; 72A.20, subdivision 35; 471.61, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapters 62A; 62Q; proposing coding for new law as Minnesota Statutes, chapter 62K; repealing Minnesota Statutes 2012, sections 62A.615; 62A.65, subdivision 6; 62E.02, subdivision 7; 62E.16; 62E.20; 62L.02, subdivisions 4, 18, 19, 23, 24; 62L.05, subdivisions 1, 2, 3, 4, 4a, 5, 6, 7, 11, 12, 13; 62L.081; 62L.10, subdivision 5; 62Q.37, subdivision 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 976, A bill for an act relating to state government; appropriating money for environment, natural resources, and agriculture; modifying and providing for certain fees; modifying and providing for disposition of certain revenue; creating accounts; modifying payment of certain costs; modifying grant programs; providing for agricultural water quality certification; modifying Minnesota Noxious Weed Law; modifying pesticide control; modifying animal waste technician provisions; modifying certain renewable energy and biofuel provisions; modifying bonding requirements for grain buyers and grain storage; making technical changes; modifying certain permit requirements; providing for federal law compliance; providing for certain easements; establishing pollinator habitat program; modifying state trails; providing for donations to grant-in-aid trail programs; modifying all-terrain vehicle operating provisions; modifying State Timber Act; modifying water use requirements; modifying certain park boundaries; modifying reporting requirements; modifying Petroleum Tank Release Cleanup Act; providing for silica sand mining model standards and technical assistance; establishing criteria for wastewater treatment system projects; providing for wastewater laboratory certification; providing for product stewardship programs; modifying Minnesota Power Plant Siting Act; providing for sanitary districts; requiring rulemaking; amending Minnesota Statutes 2012, sections 17.03, subdivision 3; 17.1015; 17.118, subdivision 2; 18.77, subdivisions 3, 4, 10, 12; 18.78,

subdivision 3; 18.79, subdivisions 6, 13; 18.82, subdivision 1; 18.91, subdivisions 1, 2; 18B.01, by adding a subdivision; 18B.065, subdivision 2a; 18B.07, subdivisions 4, 5, 7; 18B.26, subdivision 3; 18B.305; 18B.316, subdivisions 1, 3, 4, 8, 9; 18B.37, subdivision 4; 18C.430; 18C.433, subdivision 1; 31.94; 41A.10, subdivision 2, by adding a subdivision; 41A.105, subdivisions 1a, 3, 5; 41A.12, by adding a subdivision; 41B.04, subdivision 9; 41D.01, subdivision 4; 84.027, by adding a subdivision; 84.788, by adding a subdivision; 84.794, subdivision 1; 84.798, by adding a subdivision; 84.803, subdivision 1; 84.82, by adding subdivisions; 84.83, subdivision 2; 84.922, by adding subdivisions; 84.9256, subdivision 1; 84.928, subdivision 1; 84D.108, subdivision 2; 85.015, subdivision 13; 85.052, subdivision 6; 85.054, by adding a subdivision; 85.055, subdivisions 1, 2; 85.41, by adding a subdivision; 85.42; 85.43; 85.46, subdivision 6, by adding a subdivision; 89.0385; 89.17; 90.01, subdivisions 4, 5, 6, 8, 11; 90.031, subdivision 4; 90.041, subdivisions 2, 5, 6, 9, by adding subdivisions; 90.045; 90.061, subdivision 8; 90.101, subdivision 1; 90.121; 90.145; 90.151, subdivisions 1, 2, 3, 4, 6, 7, 8, 9; 90.161; 90.162; 90.171; 90.181, subdivision 2; 90.191, subdivision 1; 90.193; 90.195; 90.201, subdivision 2a; 90.211; 90.221; 90.252, subdivision 1; 90.301, subdivisions 2, 4; 90.41, subdivision 1; 92.50; 93.17, subdivision 1; 93.1925, subdivision 2; 93.25, subdivision 2; 93.285, subdivision 3; 93.46, by adding a subdivision; 93.481, subdivisions 3, 5, by adding subdivisions; 93.482; 97A.401, subdivision 3; 103G.265, subdivisions 2, 3; 103G.271, subdivision 6; 103G.282; 103G.287, subdivisions 1, 5; 103G.615, subdivision 2; 103I.205, subdivision 1; 103I.601, by adding a subdivision; 114D.50, subdivision 4; 115A.1320, subdivision 1; 115B.20, subdivision 6; 115B.28, subdivision 1; 115C.02, subdivision 4; 115C.08, subdivision 4, by adding a subdivision; 115D.10; 116.48, subdivision 6; 116C.03, subdivisions 2, 4, 5; 116D.04, by adding a subdivision; 116J.437, subdivision 1; 168.1296, subdivision 1; 216E.12, subdivision 4; 223.17, by adding a subdivision; 232.22, by adding a subdivision; 239.051, by adding subdivisions; 239.791, subdivisions 1, 2a, 2b; 239.7911; 275.066; 296A.01, subdivision 19, by adding a subdivision; 473.846; Laws 2012, chapter 249, section 11; proposing coding for new law in Minnesota Statutes, chapters 17; 18; 84; 90; 93; 115; 115A; 116C; 216E; proposing coding for new law as Minnesota Statutes, chapter 442A; repealing Minnesota Statutes 2012, sections 18.91, subdivisions 3, 5; 18B.07, subdivision 6; 90.163; 90.173; 90.41, subdivision 2; 103G.265, subdivision 2a; 115.18, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10; 115.19; 115.20; 115.21; 115.22; 115.23; 115.24; 115.25; 115.26; 115.27; 115.28; 115.29; 115.30; 115.31; 115.32; 115.33; 115.34; 115.35; 115.36; 115.37; 239.791, subdivision 1a; Minnesota Rules, parts 7021.0010, subparts 1, 2, 4, 5; 7021.0020; 7021.0030; 7021.0040; 7021.0050, subpart 5; 9210.0300; 9210.0310; 9210.0320; 9210.0330; 9210.0340; 9210.0350; 9210.0360; 9210.0370; 9210.0380; 9220.0530, subpart 6.

Reported the same back with the following amendments:

Page 40, delete section 53

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Hausman from the Committee on Capital Investment to which was referred:

H. F. No. 1070, A bill for an act relating to capital investment; appropriating money for public housing rehabilitation; authorizing bonds under the housing infrastructure bonds program; authorizing sale and issuance of state bonds; amending Minnesota Statutes 2012, section 462A.37, subdivisions 2, 4.

Reported the same back with the following amendments:

Page 3, after line 14, insert:

"Sec. 4. **APPROPRIATIONS MADE ONLY ONCE.**

If an appropriation made in this bill is enacted more than once in the 2013 regular session, the appropriation must be given effect only once."

Page 3, line 15, delete "4." and insert "5."

Page 3, line 16, delete "3" and insert "4"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 1160, A bill for an act relating to judiciary; imposing certain court fees and surcharge; creating a court technology account in the special revenue fund; reimbursing certain expenses of Court of Appeals judges; modifying certain provisions related to guardians and conservators; appropriating money for judiciary, guardian ad litem board, tax court, Board on Judicial Standards, Board of Public Defense, Uniform Laws Commission, and sentencing guidelines; amending Minnesota Statutes 2012, sections 245C.32, subdivision 2; 357.021, subdivisions 6, 7, by adding a subdivision; 357.022; 480A.02, subdivision 7; 524.5-118, subdivision 1, by adding a subdivision; 524.5-303; 524.5-316; 524.5-403; 524.5-420; 629.59.

Reported the same back with the following amendments:

Page 4, line 3, delete everything after "transcripts" and insert a period

Page 4, delete lines 4 and 5

Page 11, line 15, delete "the appropriate" and delete the second comma and insert "that the commissioner determines issue professional licenses directly related to the responsibilities of a professional fiduciary."

Page 11, delete line 16

Page 11, line 17, delete "an e-mail request by the commissioner" and insert "The commissioner shall enter into agreements with these agencies to provide for electronic access to the relevant licensing data by the commissioner"

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 1183, A bill for an act relating to state government; appropriating money from constitutionally dedicated legacy funds; modifying provisions of Lessard-Sams Outdoor Heritage Council; establishing certain land acquisition requirements; providing for agricultural water quality certification; modifying provisions for restoration evaluations; requiring use of certain standards for public water access sites; establishing Greater Minnesota Regional

Parks and Trails Commission; extending previous appropriation; modifying Clean Water Legacy Act; modifying certain grant eligibility; requiring issuance of city license; authorizing certain expenditures; requiring recapture of certain funds previously appropriated; providing for reimbursement of certain costs; requiring reports; amending Minnesota Statutes 2012, sections 3.9741, subdivision 3; 10A.01, subdivision 35; 85.53, subdivision 2; 97A.056, subdivisions 3, 10, 11, by adding subdivisions; 114D.15, by adding a subdivision; 114D.50, subdivisions 4, 6, by adding subdivisions; 129D.17, subdivision 2; 129D.19, subdivisions 1, 2; Laws 2001, chapter 193, section 10; proposing coding for new law in Minnesota Statutes, chapters 17; 85; 114D.

Reported the same back with the following amendments:

Page 2, line 6, delete "50,674,000" and insert "51,174,000"

Page 16, line 22, delete everything after "to" and insert "mesic forest, oak savanna, and prairie"

Page 31, line 17, delete "95,108,000" and insert "95,208,000"

Page 41, line 4, delete "14,360,000" and insert "14,460,000"

Page 45, after line 18, insert:

"(n) $100,000 the first year is for the commissioner of natural resources for rulemaking under Minnesota Statutes, section 116G.15, subdivision 7."

Page 61, after line 29, insert:

"Sec. 30. Minnesota Statutes 2012, section 116G.15, subdivision 7, is amended to read:

Subd. 7. **Rules.** The commissioner shall adopt rules to ensure compliance with this section. By January 15, 2010, the commissioner shall begin the rulemaking required by this section under chapter 14. Notwithstanding sections 14.125 and 14.128, the authority to adopt these rules does not expire.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2009."

Page 73, line 1, delete everything after "for" and insert "construction at"

Page 73, delete lines 22 to 28 and insert:

"(1) parking, buildings, and other improvements at the Swim Pond in Lake Elmo Park Reserve;

(2) design and construction of the Point Douglas Regional Trail, which connects to Wisconsin; and

(3) paving improvements to Hardwood Creek Regional Trail, which may include new trail sections toward Bald Eagle Regional Park."

Page 79, after line 15, insert:

"Sec. 9. Laws 2010, chapter 361, article 3, section 7, is amended to read:

Sec. 7. **PARKS.**

The Minneapolis Park and Recreation Board may acquire all or part of the entire property known as the Scherer Brothers Lumber Yard for a metropolitan area regional park and may allocate any future appropriations to the board from the parks and trails fund to acquire the property. The Minneapolis Park and Recreation Board, in cooperation with the commissioner of natural resources, shall work to develop a project to recreate Hall's Island or such similar island located at approximately river mile 855 on the Mississippi River, just north of the Plymouth Avenue bridge, at a project site in Section 15, Township 29 North, Range 24 West, Hennepin County, Minnesota, on or adjacent to the property known as the Scherer Brothers Lumber Yard. Once recreated, Hall's Island shall remain in public ownership in perpetuity.

EFFECTIVE DATE. This section is effective the day after the Minneapolis Park and Recreation Board timely completes compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "modifying certain metropolitan area regional park provisions;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Huntley from the Committee on Health and Human Services Finance to which was referred:

H. F. No. 1233, A bill for an act relating to state government; establishing the health and human services budget; modifying provisions related to health care, continuing care, nursing facility admission, children and family services, human services licensing, chemical and mental health, program integrity, managed care organizations, waiver provider standards, home care, and the Department of Health; redesigning home and community-based services; establishing community first services and supports and Northstar Care for Children; providing for fraud investigations in the child care assistance program; establishing autism early intensive intervention benefits; creating a human services performance council; making technical changes; requiring a study; requiring reports; appropriating money; repealing MinnesotaCare; amending Minnesota Statutes 2012, sections 16C.10, subdivision 5; 16C.155, subdivision 1; 103I.005, by adding a subdivision; 103I.521; 119B.011, by adding a subdivision; 119B.02, by adding a subdivision; 119B.025, subdivision 1; 119B.03, subdivision 4; 119B.05, subdivision 1; 119B.13, subdivisions 1, 1a, 6, by adding subdivisions; 144.051, by adding subdivisions; 144.0724, subdivision 4; 144.123, subdivision 1; 144.125, subdivision 1; 144.98, subdivisions 3, 5, by adding subdivisions; 144.99, subdivision 4; 144A.351; 144A.43; 144A.44; 144A.45; 144D.01, subdivision 4; 145.986; 145C.01, subdivision 7; 148E.065, subdivision 4a; 149A.02, subdivisions 1a, 2, 3, 4, 5, 16, 23, 27, 34, 35, 37, by adding subdivisions; 149A.03; 149A.65, by adding subdivisions; 149A.70, subdivisions 1, 2, 3, 5; 149A.71, subdivisions 2, 4; 149A.72, subdivisions 3, 9, by adding a subdivision; 149A.73, subdivisions 1, 2, 4; 149A.74; 149A.90, subdivision 8; 149A.91, subdivision 9; 149A.92, subdivision 1; 149A.93, subdivisions 3, 6; 149A.94; 149A.96, subdivision 9; 174.30, subdivision 1; 243.166, subdivisions 4b, 7; 245.4682, subdivision 2; 245A.02, subdivisions 1, 9, 10, 14; 245A.03, subdivisions 7, 9; 245A.04, subdivision 13; 245A.042, subdivision 3; 245A.07, subdivisions 2a, 3; 245A.08, subdivision 2a; 245A.10; 245A.11, subdivisions 2a, 7, 7a, 7b, 8; 245A.1435; 245A.144; 245A.1444; 245A.16, subdivision 1; 245A.40,

subdivision 5; 245A.50; 245C.04, by adding a subdivision; 245C.08, subdivision 1; 245C.33, subdivision 1; 245D.02; 245D.03; 245D.04; 245D.05; 245D.06; 245D.07; 245D.09; 245D.10; 246.18, subdivision 8, by adding a subdivision; 246.54; 254B.04, subdivision 1; 256.01, subdivisions 2, 24, 34, by adding subdivisions; 256.0112, by adding a subdivision; 256.82, subdivisions 2, 3; 256.969, subdivision 3a; 256.975, subdivision 7, by adding subdivisions; 256.9754, subdivision 5, by adding subdivisions; 256.98, subdivision 8; 256B.02, by adding subdivisions; 256B.021, by adding subdivisions; 256B.04, subdivisions 18, 21, by adding a subdivision; 256B.055, subdivisions 3a, 6, 10, 15, by adding subdivisions; 256B.056, subdivisions 1, 1a, 1c, 3, 3c, 4, 5c, 10, by adding a subdivision; 256B.057, subdivisions 1, 8, 10, by adding a subdivision; 256B.059, subdivision 1; 256B.06, subdivision 4; 256B.0625, subdivisions 13e, 17a, 19c, 58, by adding subdivisions; 256B.0659, subdivision 21; 256B.0911, subdivisions 1, 1a, 3a, 4d, 6, 7, by adding a subdivision; 256B.0913, subdivision 4, by adding a subdivision; 256B.0915, subdivisions 3a, 5, by adding a subdivision; 256B.0916, by adding a subdivision; 256B.0917, subdivisions 6, 13, by adding subdivisions; 256B.092, subdivisions 11, 12, by adding subdivisions; 256B.434, subdivision 4; 256B.437, subdivision 6; 256B.439, subdivisions 1, 2, 3, 4, by adding a subdivision; 256B.441, subdivisions 13, 53, by adding subdivisions; 256B.49, subdivisions 11a, 12, 14, 15, by adding subdivisions; 256B.4912, subdivisions 1, 7, by adding subdivisions; 256B.493, subdivision 2; 256B.5011, subdivision 2; 256B.69, subdivisions 5c, 31; 256B.76, subdivisions 1, 2; 256B.761; 256B.766; 256I.05, by adding a subdivision; 256J.08, subdivision 24; 256J.21, subdivisions 2, 3; 256J.24, subdivisions 3, 7; 256J.621; 256J.626, subdivision 7; 257.85, subdivisions 2, 5, 6; 260C.446; 402A.10; 402A.18; 471.59, subdivision 1; 626.556, subdivisions 2, 3, 10d; 626.557, subdivisions 4, 9, 9a, 9e; 626.5572, subdivision 13; Laws 1998, chapter 407, article 6, section 116; proposing coding for new law in Minnesota Statutes, chapters 144; 144A; 149A; 245; 245A; 245D; 256; 256B; 256J; 259A; 260C; 402A; proposing coding for new law as Minnesota Statutes, chapters 245E; 256N; repealing Minnesota Statutes 2012, sections 103I.005, subdivision 20; 144.123, subdivision 2; 144A.46; 144A.461; 149A.025; 149A.20, subdivision 8; 149A.30, subdivision 2; 149A.40, subdivision 8; 149A.45, subdivision 6; 149A.50, subdivision 6; 149A.51, subdivision 7; 149A.52, subdivision 5a; 149A.53, subdivision 9; 245A.655; 245B.01; 245B.02; 245B.03; 245B.031; 245B.04; 245B.05, subdivisions 1, 2, 3, 5, 6, 7; 245B.055; 245B.06; 245B.07; 245B.08; 245D.08; 256.82, subdivision 4; 256B.055, subdivisions 3, 5, 10b; 256B.056, subdivision 5b; 256B.057, subdivisions 1c, 2; 256B.0911, subdivisions 4a, 4b, 4c; 256B.0917, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 14; 256B.092, subdivision 11; 256B.49, subdivisions 16a, 22; 256J.24, subdivision 10; 256L.01, subdivisions 1, 1a, 2, 3, 3a, 4a, 5; 256L.02, subdivisions 1, 2, 3; 256L.03, subdivisions 1, 1a, 1b, 2, 3, 3a, 3b, 4, 5, 6; 256L.031; 256L.04, subdivisions 1, 1a, 1b, 2, 2a, 7, 7a, 7b, 8, 9, 10, 10a, 12, 13; 256L.05; 256L.06, subdivision 3; 256L.07, subdivisions 1, 2, 3, 4, 5, 8, 9; 256L.09, subdivisions 1, 2, 4, 5, 6, 7; 256L.10; 256L.11; 256L.12; 256L.15, subdivisions 1, 1a, 1b, 2; 256L.17, subdivisions 1, 2, 3, 4, 5; 256L.18; 256L.22; 256L.24; 256L.26; 256L.28; 260C.441; 485.14; Minnesota Rules, parts 3400.0130, subpart 8; 4668.0002; 4668.0003; 4668.0005; 4668.0008; 4668.0012; 4668.0016; 4668.0017; 4668.0019; 4668.0030; 4668.0035; 4668.0040; 4668.0050; 4668.0060; 4668.0065; 4668.0070; 4668.0075; 4668.0080; 4668.0100; 4668.0110; 4668.0120; 4668.0130; 4668.0140; 4668.0150; 4668.0160; 4668.0170; 4668.0180; 4668.0190; 4668.0200; 4668.0218; 4668.0220; 4668.0230; 4668.0240; 4668.0800; 4668.0805; 4668.0810; 4668.0815; 4668.0820; 4668.0825; 4668.0830; 4668.0835; 4668.0840; 4668.0845; 4668.0855; 4668.0860; 4668.0865; 4668.0870; 4669.0001; 4669.0010; 4669.0020; 4669.0030; 4669.0040; 4669.0050; 9502.0355, subpart 4; 9560.0650, subparts 1, 3, 6; 9560.0651; 9560.0655.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
AFFORDABLE CARE ACT IMPLEMENTATION; BETTER HEALTH CARE FOR MORE MINNESOTANS

Section 1. Minnesota Statutes 2012, section 16A.724, subdivision 3, is amended to read:

Subd. 3. **MinnesotaCare federal receipts.** ~~Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation pertaining to grants shall be deposited~~

~~in the federal fund and shall offset health care access funds for payments to providers.~~ All federal funding received by Minnesota for implementation and administration of MinnesotaCare as a basic health program, as authorized in section 1331 of the Affordable Care Act, Public Law 111-148, as amended by Public Law 111-152, is dedicated to that program and shall be deposited into the health care access fund. Federal funding that is received for implementing and administering MinnesotaCare as a basic health program and deposited in the fund shall be used only for that program to purchase health care coverage for enrollees and reduce enrollee premiums and cost-sharing or provide additional enrollee benefits.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 2. Minnesota Statutes 2012, section 254B.04, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) Persons eligible for benefits under Code of Federal Regulations, title 25, part 20, persons eligible for medical assistance benefits under sections 256B.055, 256B.056, and 256B.057, subdivisions 1, ~~2,~~ 5, and 6, or who meet the income standards of section 256B.056, subdivision 4, and persons eligible for general assistance medical care under section 256D.03, subdivision 3, are entitled to chemical dependency fund services. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

Persons with dependent children who are determined to be in need of chemical dependency treatment pursuant to an assessment under section 626.556, subdivision 10, or a case plan under section 260C.201, subdivision 6, or 260C.212, shall be assisted by the local agency to access needed treatment services. Treatment services must be appropriate for the individual or family, which may include long-term care treatment or treatment in a facility that allows the dependent children to stay in the treatment facility. The county shall pay for out-of-home placement costs, if applicable.

(b) A person not entitled to services under paragraph (a), but with family income that is less than 215 percent of the federal poverty guidelines for the applicable family size, shall be eligible to receive chemical dependency fund services within the limit of funds appropriated for this group for the fiscal year. If notified by the state agency of limited funds, a county must give preferential treatment to persons with dependent children who are in need of chemical dependency treatment pursuant to an assessment under section 626.556, subdivision 10, or a case plan under section 260C.201, subdivision 6, or 260C.212. A county may spend money from its own sources to serve persons under this paragraph. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

(c) Persons whose income is between 215 percent and 412 percent of the federal poverty guidelines for the applicable family size shall be eligible for chemical dependency services on a sliding fee basis, within the limit of funds appropriated for this group for the fiscal year. Persons eligible under this paragraph must contribute to the cost of services according to the sliding fee scale established under subdivision 3. A county may spend money from its own sources to provide services to persons under this paragraph. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

Sec. 3. Minnesota Statutes 2012, section 256.01, is amended by adding a subdivision to read:

Subd. 35. **Federal approval.** (a) The commissioner shall seek federal authority from the U.S. Department of Health and Human Services necessary to operate a health coverage program for Minnesotans with incomes up to 275 percent of the federal poverty guidelines (FPG). The proposal shall seek to secure all federal funding available from at least the following sources:

(1) all premium tax credits and cost-sharing subsidies available under United States Code, title 26, section 36B, and United States Code, title 42, section 18071, for individuals with incomes above 133 percent and at or below 275 percent of the federal poverty guidelines who would otherwise be enrolled in the Minnesota Insurance Marketplace as defined in Minnesota Statutes, section 62V.02;

(2) Medicaid funding; and

(3) other funding sources identified by the commissioner that support coverage or care redesign in Minnesota.

(b) Funding received shall be used to design and implement a health coverage program that creates a single streamlined program and meets the needs of Minnesotans with incomes up to 275 percent of the federal poverty guidelines. The program must incorporate:

(1) payment reform characteristics included in the health care delivery system and accountable care organization payment models;

(2) flexibility in benefit set design such that benefits can be targeted to meet enrollee needs in different income and health status situations and can provide a more seamless transition from public to private health care coverage;

(3) flexibility in co-payment or premium structures to incent patients to seek high-quality, low-cost care settings; and

(4) flexibility in premium structures to ease the transition from public to private health care coverage.

(c) The commissioner shall develop and submit a proposal consistent with the above criteria and shall seek all federal authority necessary to implement the health coverage program. In developing the request, the commissioner shall consult with appropriate stakeholder groups and consumers.

(d) The commissioner is authorized to seek any available waivers or federal approvals to accomplish the goals under paragraph (b) prior to 2017.

(e) The commissioner shall report progress on implementing this subdivision to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by December 1, 2014.

(f) The commissioner is authorized to accept and expend federal funds that support the purposes of this subdivision.

Sec. 4. Minnesota Statutes 2012, section 256B.02, is amended by adding a subdivision to read:

Subd. 18. **Caretaker relative.** "Caretaker relative" means a relative, by blood, adoption, or marriage, of a child under age 19 with whom the child is living and who assumes primary responsibility for the child's care.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 256B.02, is amended by adding a subdivision to read:

Subd. 19. **Insurance affordability program.** "Insurance affordability program" means one of the following programs:

(1) medical assistance under this chapter;

(2) a program that provides advance payments of the premium tax credits established under section 36B of the Internal Revenue Code or cost-sharing reductions established under section 1402 of the Affordable Care Act;

(3) MinnesotaCare as defined in chapter 256L; and

(4) a Basic Health Plan as defined in section 1331 of the Affordable Care Act.

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

Sec. 6. Minnesota Statutes 2012, section 256B.04, subdivision 18, is amended to read:

Subd. 18. **Applications for medical assistance.** (a) The state agency ~~may take~~ shall accept applications for medical assistance ~~and conduct eligibility determinations for MinnesotaCare enrollees~~ by telephone, via mail, in-person, online via an Internet Web site, and through other commonly available electronic means.

(b) The commissioner of human services shall modify the Minnesota health care programs application form to add a question asking applicants whether they have ever served in the United States military.

(c) For each individual who submits an application or whose eligibility is subject to renewal or whose eligibility is being redetermined pursuant to a change in circumstances, if the agency determines the individual is not eligible for medical assistance, the agency shall determine potential eligibility for other insurance affordability programs.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 7. Minnesota Statutes 2012, section 256B.055, subdivision 3a, is amended to read:

Subd. 3a. **Families with children.** ~~Beginning July 1, 2002,~~ Medical assistance may be paid for a person who is a child under the age of ~~18, or age 18 if a full-time student in a secondary school, or in the equivalent level of vocational or technical training, and reasonably expected to complete the program before reaching age~~ 19; the parent or stepparent of a ~~dependent~~ child under the age of 19, including a pregnant woman; or a caretaker relative of a ~~dependent~~ child under the age of 19.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 8. Minnesota Statutes 2012, section 256B.055, subdivision 6, is amended to read:

Subd. 6. **Pregnant women; needy unborn child.** Medical assistance may be paid for a pregnant woman who ~~has written verification of a positive pregnancy test from a physician or licensed registered nurse, who~~ meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under subdivision 10 if born and living with the woman. In accordance with Code of Federal Regulations, title 42, section 435.956, the commissioner must accept self-attestation of pregnancy unless the agency has information that is not reasonably compatible with such attestation. For purposes of this subdivision, a woman is considered pregnant for 60 days postpartum.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 9. Minnesota Statutes 2012, section 256B.055, subdivision 10, is amended to read:

Subd. 10. **Infants.** Medical assistance may be paid for an infant less than one year of age, whose mother was eligible for and receiving medical assistance at the time of birth or who is less than two years of age and is in a family with countable income that is equal to or less than the income standard established under section 256B.057, subdivision 1.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 10. Minnesota Statutes 2012, section 256B.055, subdivision 15, is amended to read:

Subd. 15. **Adults without children.** Medical assistance may be paid for a person who is:

(1) at least age 21 and under age 65;

(2) not pregnant;

(3) not entitled to Medicare Part A or enrolled in Medicare Part B under Title XVIII of the Social Security Act;

(4) ~~not an adult in a family with children as defined in section 256L.01, subdivision 3a; and~~ not otherwise eligible under subdivision 7 as a person who meets the categorical eligibility requirements of the supplemental security income program;

(5) not enrolled under subdivision 7 as a person who would meet the categorical eligibility requirements of the supplemental security income program except for excess income or assets; and

~~(5)~~ (6) not described in another subdivision of this section.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 11. Minnesota Statutes 2012, section 256B.055, is amended by adding a subdivision to read:

Subd. 17. **Adults who were in foster care at the age of 18.** Medical assistance may be paid for a person under 26 years of age who was in foster care under the commissioner's responsibility on the date of attaining 18 years of age, and who was enrolled in medical assistance under the state plan or a waiver of the plan while in foster care, in accordance with section 2004 of the Affordable Care Act.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 12. Minnesota Statutes 2012, section 256B.056, subdivision 1, is amended to read:

Subdivision 1. **Residency.** To be eligible for medical assistance, a person must reside in Minnesota, or, if absent from the state, be deemed to be a resident of Minnesota, in accordance with ~~the rules of the state agency~~ Code of Federal Regulations, title 42, section 435.403.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 13. Minnesota Statutes 2012, section 256B.056, subdivision 1c, is amended to read:

Subd. 1c. **Families with children income methodology.** (a)(1) [Expired, 1Sp2003 c 14 art 12 s 17]

(2) For applications processed within one calendar month prior to July 1, 2003, eligibility shall be determined by applying the income standards and methodologies in effect prior to July 1, 2003, for any months in the six-month budget period before July 1, 2003, and the income standards and methodologies in effect on July 1, 2003, for any months in the six-month budget period on or after that date. The income standards for each month shall be added together and compared to the applicant's total countable income for the six-month budget period to determine eligibility.

(3) For children ages one through 18 ~~whose eligibility is determined under section 256B.057, subdivision 2~~, the following deductions shall be applied to income counted toward the child's eligibility as allowed under the state's AFDC plan in effect as of July 16, 1996: $90 work expense, dependent care, and child support paid under court order. This clause is effective October 1, 2003.

(b) For families with children whose eligibility is determined using the standard specified in section 256B.056, subdivision 4, paragraph (c), 17 percent of countable earned income shall be disregarded for up to four months and the following deductions shall be applied to each individual's income counted toward eligibility as allowed under the state's AFDC plan in effect as of July 16, 1996: dependent care and child support paid under court order.

(c) If the four-month disregard in paragraph (b) has been applied to the wage earner's income for four months, the disregard shall not be applied again until the wage earner's income has not been considered in determining medical assistance eligibility for 12 consecutive months.

(d) The commissioner shall adjust the income standards under this section each July 1 by the annual update of the federal poverty guidelines following publication by the United States Department of Health and Human Services except that the income standards shall not go below those in effect on July 1, 2009.

(e) For children age 18 or under, annual gifts of $2,000 or less by a tax-exempt organization to or for the benefit of the child with a life-threatening illness must be disregarded from income.

Sec. 14. Minnesota Statutes 2012, section 256B.056, subdivision 3, is amended to read:

Subd. 3. **Asset limitations for <u>certain</u> individuals ~~and families~~.** ~~(a)~~ To be eligible for medical assistance, a person must not individually own more than $3,000 in assets, or if a member of a household with two family members, husband and wife, or parent and child, the household must not own more than $6,000 in assets, plus $200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The accumulation of the clothing and personal needs allowance according to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance is the value of those assets excluded under the supplemental security income program for aged, blind, and disabled persons, with the following exceptions:

(1) household goods and personal effects are not considered;

(2) capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income are not considered;

(3) motor vehicles are excluded to the same extent excluded by the supplemental security income program;

(4) assets designated as burial expenses are excluded to the same extent excluded by the supplemental security income program. Burial expenses funded by annuity contracts or life insurance policies must irrevocably designate the individual's estate as contingent beneficiary to the extent proceeds are not used for payment of selected burial expenses;

(5) for a person who no longer qualifies as an employed person with a disability due to loss of earnings, assets allowed while eligible for medical assistance under section 256B.057, subdivision 9, are not considered for 12 months, beginning with the first month of ineligibility as an employed person with a disability, to the extent that the person's total assets remain within the allowed limits of section 256B.057, subdivision 9, paragraph (d);

(6) when a person enrolled in medical assistance under section 256B.057, subdivision 9, is age 65 or older and has been enrolled during each of the 24 consecutive months before the person's 65th birthday, the assets owned by the person and the person's spouse must be disregarded, up to the limits of section 256B.057, subdivision 9, paragraph (d), when determining eligibility for medical assistance under section 256B.055, subdivision 7. The income of a spouse of a person enrolled in medical assistance under section 256B.057, subdivision 9, during each of the 24 consecutive months before the person's 65th birthday must be disregarded when determining eligibility for

medical assistance under section 256B.055, subdivision 7. Persons eligible under this clause are not subject to the provisions in section 256B.059. A person whose 65th birthday occurs in 2012 or 2013 is required to have qualified for medical assistance under section 256B.057, subdivision 9, prior to age 65 for at least 20 months in the 24 months prior to reaching age 65; and

(7) effective July 1, 2009, certain assets owned by American Indians are excluded as required by section 5006 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5. For purposes of this clause, an American Indian is any person who meets the definition of Indian according to Code of Federal Regulations, title 42, section 447.50.

~~(b) No asset limit shall apply to persons eligible under section 256B.055, subdivision 15.~~

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 15. Minnesota Statutes 2012, section 256B.056, subdivision 4, as amended by Laws 2013, chapter 1, section 5, is amended to read:

Subd. 4. **Income.** (a) To be eligible for medical assistance, a person eligible under section 256B.055, subdivisions 7, 7a, and 12, may have income up to 100 percent of the federal poverty guidelines. Effective January 1, 2000, and each successive January, recipients of supplemental security income may have an income up to the supplemental security income standard in effect on that date.

(b) To be eligible for medical assistance, families and children may have an income up to 133-1/3 percent of the AFDC income standard in effect under the July 16, 1996, AFDC state plan. Effective July 1, 2000, the base AFDC standard in effect on July 16, 1996, shall be increased by three percent.

(c) Effective January 1, 2014, to be eligible for medical assistance, under section 256B.055, subdivision 3a, a parent or caretaker relative may have an income up to 133 percent of the federal poverty guidelines for the household size.

(d) To be eligible for medical assistance under section 256B.055, subdivision 15, a person may have an income up to 133 percent of federal poverty guidelines for the household size.

(e) To be eligible for medical assistance under section 256B.055, subdivision 16, a child age 19 to 20 may have an income up to 133 percent of the federal poverty guidelines for the household size.

(f) To be eligible for medical assistance under section 256B.055, subdivision 3a, a child under age 19 may have income up to 275 percent of the federal poverty guidelines for the household size or an equivalent standard when converted using modified adjusted gross income methodology as required under the Affordable Care Act. Children who are enrolled in medical assistance as of December 31, 2013, and are determined ineligible for medical assistance because of the elimination of income disregards under modified adjusted gross income methodology as defined in subdivision 1a remain eligible for medical assistance under the Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3, until the date of their next regularly scheduled eligibility redetermination as required in section 256B.056, subdivision 7a.

~~(f)~~ (g) In computing income to determine eligibility of persons under paragraphs (a) to ~~(e)~~ (f) who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Laws 94-566, section 503; 99-272; and 99-509. For persons eligible under paragraph (a), veteran aid and attendance benefits and Veterans Administration unusual medical expense payments are considered income to the recipient.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 16. Minnesota Statutes 2012, section 256B.056, subdivision 5c, is amended to read:

Subd. 5c. **Excess income standard.** (a) The excess income standard for ~~families with children~~ parents and caretaker relatives, pregnant women, infants, and children ages two through 20 is the standard specified in subdivision 4, paragraph (c).

(b) The excess income standard for a person whose eligibility is based on blindness, disability, or age of 65 or more years ~~is 70 percent of the federal poverty guidelines for the family size. Effective July 1, 2002, the excess income standard for this paragraph~~ shall equal 75 percent of the federal poverty guidelines.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 17. Minnesota Statutes 2012, section 256B.056, is amended by adding a subdivision to read:

Subd. 7a. **Periodic renewal of eligibility.** (a) The commissioner shall make an annual redetermination of eligibility based on information contained in the enrollee's case file and other information available to the agency, including but not limited to information accessed through an electronic database, without requiring the enrollee to submit any information when sufficient data is available for the agency to renew eligibility.

(b) If the commissioner cannot renew eligibility in accordance with paragraph (a), the commissioner must provide the enrollee with a prepopulated renewal form containing eligibility information available to the agency and permit the enrollee to submit the form with any corrections or additional information to the agency and sign the renewal form via any of the modes of submission specified in section 256B.04, subdivision 18.

(c) An enrollee who is terminated for failure to complete the renewal process may subsequently submit the renewal form and required information within four months after the date of termination and have coverage reinstated without a lapse, if otherwise eligible under this chapter.

(d) Notwithstanding paragraph (a), individuals eligible under subdivision 5 shall be required to renew eligibility every six months.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 18. Minnesota Statutes 2012, section 256B.056, subdivision 10, is amended to read:

Subd. 10. **Eligibility verification.** (a) The commissioner shall require women who are applying for the continuation of medical assistance coverage following the end of the 60-day postpartum period to update their income and asset information and to submit any required income or asset verification.

(b) The commissioner shall determine the eligibility of private-sector health care coverage for infants less than one year of age eligible under section 256B.055, subdivision 10, or 256B.057, subdivision 1, paragraph (d), and shall pay for private-sector coverage if this is determined to be cost-effective.

(c) The commissioner shall verify assets and income for all applicants, and for all recipients upon renewal.

(d) The commissioner shall utilize information obtained through the electronic service established by the secretary of the United States Department of Health and Human Services and other available electronic data sources in Code of Federal Regulations, title 42, sections 435.940 to 435.956, to verify eligibility requirements. The commissioner shall establish standards to define when information obtained electronically is reasonably compatible with information provided by applicants and enrollees, including use of self-attestation, to accomplish real-time eligibility determinations and maintain program integrity.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 19. Minnesota Statutes 2012, section 256B.057, subdivision 1, is amended to read:

Subdivision 1. **Infants and pregnant women.** (a) ~~(1)~~ An infant less than ~~one year~~ two years of age or a pregnant woman ~~who has written verification of a positive pregnancy test from a physician or licensed registered nurse~~ is eligible for medical assistance if the individual's countable ~~family~~ household income is equal to or less than 275 percent of the federal poverty guideline for the same ~~family~~ household size or an equivalent standard when converted using modified adjusted gross income methodology as required under the Affordable Care Act. ~~For purposes of this subdivision, "countable family income" means the amount of income considered available using the methodology of the AFDC program under the state's AFDC plan as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193, except for the earned income disregard and employment deductions.~~

~~(2) For applications processed within one calendar month prior to the effective date, eligibility shall be determined by applying the income standards and methodologies in effect prior to the effective date for any months in the six month budget period before that date and the income standards and methodologies in effect on the effective date for any months in the six month budget period on or after that date. The income standards for each month shall be added together and compared to the applicant's total countable income for the six month budget period to determine eligibility.~~

~~(b)(1) [Expired, 1Sp2003 c 14 art 12 s 19]~~

~~(2) For applications processed within one calendar month prior to July 1, 2003, eligibility shall be determined by applying the income standards and methodologies in effect prior to July 1, 2003, for any months in the six month budget period before July 1, 2003, and the income standards and methodologies in effect on the expiration date for any months in the six month budget period on or after July 1, 2003. The income standards for each month shall be added together and compared to the applicant's total countable income for the six month budget period to determine eligibility.~~

~~(3) An amount equal to the amount of earned income exceeding 275 percent of the federal poverty guideline, up to a maximum of the amount by which the combined total of 185 percent of the federal poverty guideline plus the earned income disregards and deductions allowed under the state's AFDC plan as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Act of 1996 (PRWORA), Public Law 104-193, exceeds 275 percent of the federal poverty guideline will be deducted for pregnant women and infants less than one year of age.~~

~~(c) Dependent care and child support paid under court order shall be deducted from the countable income of pregnant women.~~

~~(d)~~ (b) An infant born to a woman who was eligible for and receiving medical assistance on the date of the child's birth shall continue to be eligible for medical assistance without redetermination until the child's first birthday.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 20. Minnesota Statutes 2012, section 256B.057, subdivision 8, is amended to read:

Subd. 8. **Children under age two.** Medical assistance may be paid for a child under two years of age whose countable family income is above 275 percent of the federal poverty guidelines for the same size family but less than or equal to 280 percent of the federal poverty guidelines for the same size family or an equivalent standard when converted using modified adjusted gross income methodology as required under the Affordable Care Act.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 21. Minnesota Statutes 2012, section 256B.057, subdivision 10, is amended to read:

Subd. 10. **Certain persons needing treatment for breast or cervical cancer.** (a) Medical assistance may be paid for a person who:

(1) has been screened for breast or cervical cancer by the Minnesota breast and cervical cancer control program, and program funds have been used to pay for the person's screening;

(2) according to the person's treating health professional, needs treatment, including diagnostic services necessary to determine the extent and proper course of treatment, for breast or cervical cancer, including precancerous conditions and early stage cancer;

(3) meets the income eligibility guidelines for the Minnesota breast and cervical cancer control program;

(4) is under age 65;

(5) is not otherwise eligible for medical assistance under United States Code, title 42, section 1396a(a)(10)(A)(i); and

(6) is not otherwise covered under creditable coverage, as defined under United States Code, title 42, section 1396a(aa).

(b) Medical assistance provided for an eligible person under this subdivision shall be limited to services provided during the period that the person receives treatment for breast or cervical cancer.

(c) A person meeting the criteria in paragraph (a) is eligible for medical assistance without meeting the eligibility criteria relating to income and assets in section 256B.056, subdivisions 1a to ~~5b~~ 5a.

Sec. 22. Minnesota Statutes 2012, section 256B.057, is amended by adding a subdivision to read:

Subd. 12. **Presumptive eligibility determinations made by qualified hospitals.** The commissioner shall establish a process to qualify hospitals that are participating providers under the medical assistance program to determine presumptive eligibility for medical assistance for applicants who may have a basis of eligibility using the modified adjusted gross income methodology as defined in section 256B.056, subdivision 1a, paragraph (b), clause (1).

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 23. Minnesota Statutes 2012, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

(1) admitted for lawful permanent residence according to United States Code, title 8;

(2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;

(3) granted asylum according to United States Code, title 8, section 1158;

(4) granted withholding of deportation according to United States Code, title 8, section 1253(h);

(5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);

(6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);

(7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;

(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or

(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

(d) Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

(1) refugees admitted to the United States according to United States Code, title 8, section 1157;

(2) persons granted asylum according to United States Code, title 8, section 1158;

(3) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);

(4) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or

(5) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or who are lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.

(e) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs (f) to (h). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

(f) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition.

(g) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

(h)(1) Notwithstanding paragraph (g), services that are necessary for the treatment of an emergency medical condition are limited to the following:

(i) services delivered in an emergency room or by an ambulance service licensed under chapter 144E that are directly related to the treatment of an emergency medical condition;

(ii) services delivered in an inpatient hospital setting following admission from an emergency room or clinic for an acute emergency condition; and

(iii) follow-up services that are directly related to the original service provided to treat the emergency medical condition and are covered by the global payment made to the provider.

(2) Services for the treatment of emergency medical conditions do not include:

(i) services delivered in an emergency room or inpatient setting to treat a nonemergency condition;

(ii) organ transplants, stem cell transplants, and related care;

(iii) services for routine prenatal care;

(iv) continuing care, including long-term care, nursing facility services, home health care, adult day care, day training, or supportive living services;

(v) elective surgery;

(vi) outpatient prescription drugs, unless the drugs are administered or dispensed as part of an emergency room visit;

(vii) preventative health care and family planning services;

(viii) dialysis;

(ix) chemotherapy or therapeutic radiation services;

(x) rehabilitation services;

(xi) physical, occupational, or speech therapy;

(xii) transportation services;

(xiii) case management;

(xiv) prosthetics, orthotics, durable medical equipment, or medical supplies;

(xv) dental services;

(xvi) hospice care;

(xvii) audiology services and hearing aids;

(xviii) podiatry services;

(xix) chiropractic services;

(xx) immunizations;

(xxi) vision services and eyeglasses;

(xxii) waiver services;

(xxiii) individualized education programs; or

(xxiv) chemical dependency treatment.

(i) ~~Beginning July 1, 2009,~~ Pregnant noncitizens who are ~~undocumented, nonimmigrants, or lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12,~~ ineligible for federally funded medical assistance are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 60 days postpartum, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program.

(j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance.

(k) Noncitizens who are lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, who are not children or pregnant women as defined in paragraph (d), and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance without federal financial participation. These individuals must cooperate with the United States Citizenship and Immigration Services to pursue any applicable immigration status, including citizenship, that would qualify them for medical assistance with federal financial participation.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 24. Minnesota Statutes 2012, section 256B.0755, subdivision 3, is amended to read:

Subd. 3. **Accountability.** (a) Health care delivery systems must accept responsibility for the quality of care based on standards established under subdivision 1, paragraph (b), clause (10), and the cost of care or utilization of services provided to its enrollees under subdivision 1, paragraph (b), clause (1).

(b) A health care delivery system may contract and coordinate with providers and clinics for the delivery of services and shall contract with community health clinics, federally qualified health centers, community mental health centers or programs, county agencies, and rural clinics to the extent practicable.

(c) A health care delivery system must demonstrate how its services will be coordinated with other services affecting its attributed patients' health, quality of care, and cost of care that are provided by other providers and county agencies in the local service area. The health care delivery system must: (1) document how other providers and counties, including county-based purchasing plans, will provide services to persons attributed to the health care delivery system; (2) document how other providers and counties, including county-based purchasing plans,

participated in developing the application; (3) provide verification that other providers and counties, including county-based purchasing plans, support the project and are willing to participate; and (4) document how it will address applicable local needs, priorities, and public health goals.

EFFECTIVE DATE. This section applies to health care delivery system contracts entered into or renewed on or after July 1, 2013.

Sec. 25. Minnesota Statutes 2012, section 256B.694, is amended to read:

256B.694 SOLE-SOURCE OR SINGLE-PLAN MANAGED CARE CONTRACT.

(a) MS 2010 [Expired, 2008 c 364 s 10]

(b) The commissioner shall consider, and may approve, contracting on a single-health plan basis with ~~other~~ county-based purchasing plans, or with other qualified health plans that have coordination arrangements with counties, to serve persons ~~with a disability who voluntarily enroll~~ enrolled in state health care programs, in order to promote better coordination or integration of health care services, social services and other community-based services, provided that all requirements applicable to health plan purchasing, including those in section 256B.69, subdivision 23, are satisfied. ~~Nothing in this paragraph supersedes or modifies the requirements in paragraph (a).~~

Sec. 26. Minnesota Statutes 2012, section 256L.01, is amended by adding a subdivision to read:

Subd. 1b. **Affordable Care Act.** "Affordable Care Act" means Public Law 111-148, as amended by the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and any amendments to, or regulations or guidance issued under, those acts.

Sec. 27. Minnesota Statutes 2012, section 256L.01, subdivision 3a, is amended to read:

Subd. 3a. **Family ~~with children~~.** (a) ~~"Family with children" means:~~

~~(1) parents and their children residing in the same household; or~~

~~(2) grandparents, foster parents, relative caretakers as defined in the medical assistance program, or legal guardians; and their wards who are children residing in the same household.~~ "Family" has the meaning given for family and family size as defined in Code of Federal Regulations, title 26, section 1.36B-1.

(b) The term includes children who are temporarily absent from the household in settings such as schools, camps, or parenting time with noncustodial parents.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 28. Minnesota Statutes 2012, section 256L.01, is amended by adding a subdivision to read:

Subd. 4b. **Minnesota Insurance Marketplace.** "Minnesota Insurance Marketplace" means the Minnesota Insurance Marketplace as defined in Minnesota Statutes, section 62V.02.

Sec. 29. Minnesota Statutes 2012, section 256L.01, subdivision 5, is amended to read:

Subd. 5. **Income.** ~~(a)~~ "Income" has the meaning given for ~~earned and unearned income for families and children in the medical assistance program, according to the state's aid to families with dependent children plan in effect as of July 16, 1996. The definition does not include medical assistance income methodologies and deeming~~

~~requirements. The earned income of full-time and part-time students under age 19 is not counted as income. Public assistance payments and supplemental security income are not excluded income~~ modified adjusted gross income, as defined in Code of Federal Regulations, title 26, section 1.36B-1.

~~(b) For purposes of this subdivision, and unless otherwise specified in this section, the commissioner shall use reasonable methods to calculate gross earned and unearned income including, but not limited to, projecting income based on income received within the past 30 days, the last 90 days, or the last 12 months.~~

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 30. Minnesota Statutes 2012, section 256L.01, is amended by adding a subdivision to read:

Subd. 8. **Participating entity.** "Participating entity" means a health carrier as defined in section 62A.011, subdivision 2; a county-based purchasing plan established under section 256B.692; an accountable care organization or other entity operating a health care delivery systems demonstration project authorized under section 256B.0755; an entity operating a county integrated health care delivery network pilot project authorized under section 256B.0756; or a network of health care providers established to offer services under MinnesotaCare.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 31. Minnesota Statutes 2012, section 256L.02, subdivision 2, is amended to read:

Subd. 2. **Commissioner's duties.** The commissioner shall establish an office for the state administration of this plan. The plan shall be used to provide covered health services for eligible persons. Payment for these services shall be made to all ~~eligible providers~~ participating entities under contract with the commissioner. The commissioner shall adopt rules to administer the MinnesotaCare program. Nothing in this chapter is intended to violate the requirements of the Affordable Care Act. The commissioner shall not implement any provision of this chapter if the provision is found to violate the Affordable Care Act. The commissioner shall establish marketing efforts to encourage potentially eligible persons to receive information about the program and about other medical care programs administered or supervised by the Department of Human Services. A toll-free telephone number and Web site must be used to provide information about medical programs and to promote access to the covered services.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later, except that the amendment related to "participating entities" is effective January 1, 2015. The commissioner of human services shall notify the revisor when federal approval is obtained.

Sec. 32. Minnesota Statutes 2012, section 256L.02, is amended by adding a subdivision to read:

Subd. 6. **Federal approval.** (a) The commissioner of human services shall seek federal approval to implement the MinnesotaCare program under this chapter as a basic health program. In any agreement with the Centers for Medicare and Medicaid Services to operate MinnesotaCare as a basic health program, the commissioner shall seek to include procedures to ensure that federal funding is predictable, stable, and sufficient to sustain ongoing operation of MinnesotaCare. These procedures must address issues related to the timing of federal payments, payment reconciliation, enrollee risk adjustment, and minimization of state financial risk. The commissioner shall consult with the commissioner of management and budget when developing the proposal for establishing MinnesotaCare as a basic health program to be submitted to the Centers for Medicare and Medicaid Services.

(b) The commissioner of human services, in consultation with the commissioner of management and budget, shall work with the Centers for Medicare and Medicaid Services to establish a process for reconciliation and adjustment of federal payments that balances state and federal liability over time. The commissioner of human

services shall request that the secretary of health and human services hold the state, and enrollees, harmless in the reconciliation process for the first three years, to allow the state to develop a statistically valid methodology for predicting enrollment trends and their net effect on federal payments.

(c) The commissioner of human services, through December 31, 2015, may modify the MinnesotaCare program as specified in this chapter, if it is necessary to enhance health benefits, expand provider access, or reduce cost-sharing and premiums in order to comply with the terms and conditions of federal approval as a basic health program. The commissioner may not reduce benefits, impose greater limits on access to providers, or increase cost-sharing and premiums by enrollees under the authority granted by this paragraph. If the commissioner modifies the terms and requirements for MinnesotaCare under this paragraph, the commissioner shall provide the legislature with notice of implementation of the modifications at least ten working days before notifying enrollees and participating entities. The costs of any changes to the program necessary to comply with federal approval shall become part of the program's base funding for purposes of future budget forecasts.

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

Sec. 33. Minnesota Statutes 2012, section 256L.02, is amended by adding a subdivision to read:

Subd. 7. **Coordination with Minnesota Insurance Marketplace.** MinnesotaCare shall be considered a public health care program for purposes of Minnesota Statutes, chapter 62V.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 34. Minnesota Statutes 2012, section 256L.03, subdivision 1, is amended to read:

Subdivision 1. **Covered health services.** (a) "Covered health services" means the health services reimbursed under chapter 256B, and all essential health benefits required under section 1302 of the Affordable Care Act, with the exception of ~~inpatient hospital services,~~ special education services, private duty nursing services, adult dental care services other than services covered under section 256B.0625, subdivision 9, orthodontic services, nonemergency medical transportation services, personal care assistance and case management services, and nursing home or intermediate care facilities services~~, inpatient mental health services, and chemical dependency services~~.

(b) No public funds shall be used for coverage of abortion under MinnesotaCare except where the life of the female would be endangered or substantial and irreversible impairment of a major bodily function would result if the fetus were carried to term; or where the pregnancy is the result of rape or incest.

(c) Covered health services shall be expanded as provided in this section.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 35. Minnesota Statutes 2012, section 256L.03, subdivision 1a, is amended to read:

Subd. 1a. ~~**Pregnant women and**~~ **Children; MinnesotaCare health care reform waiver.** ~~Beginning January 1, 1999,~~ Children ~~and pregnant women~~ are eligible for coverage of all services that are eligible for reimbursement under the medical assistance program according to chapter 256B, except that abortion services under MinnesotaCare shall be limited as provided under subdivision 1. ~~Pregnant women and~~ Children are exempt from the provisions of subdivision 5, regarding co-payments. ~~Pregnant women and~~ Children who are lawfully residing in the United States but who are not "qualified noncitizens" under title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, Statutes at Large, volume 110, page 2105, are eligible for coverage of all services provided under the medical assistance program according to chapter 256B.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 36. Minnesota Statutes 2012, section 256L.03, subdivision 3, is amended to read:

Subd. 3. **Inpatient hospital services.** (a) Covered health services shall include inpatient hospital services, including inpatient hospital mental health services and inpatient hospital and residential chemical dependency treatment, subject to those limitations necessary to coordinate the provision of these services with eligibility under the medical assistance spenddown. ~~The inpatient hospital benefit for adult enrollees who qualify under section 256L.04, subdivision 7, or who qualify under section 256L.04, subdivisions 1 and 2, with family gross income that exceeds 200 percent of the federal poverty guidelines or 215 percent of the federal poverty guidelines on or after July 1, 2009, and who are not pregnant, is subject to an annual limit of $10,000.~~

(b) Admissions for inpatient hospital services paid for under section 256L.11, subdivision 3, must be certified as medically necessary in accordance with Minnesota Rules, parts 9505.0500 to 9505.0540, except as provided in clauses (1) and (2):

(1) all admissions must be certified, except those authorized under rules established under section 254A.03, subdivision 3, or approved under Medicare; and

(2) payment under section 256L.11, subdivision 3, shall be reduced by five percent for admissions for which certification is requested more than 30 days after the day of admission. The hospital may not seek payment from the enrollee for the amount of the payment reduction under this clause.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 37. Minnesota Statutes 2012, section 256L.03, is amended by adding a subdivision to read:

Subd. 4b. **Loss ratio.** Health coverage provided through the MinnesotaCare program must have a medical loss ratio of at least 85 percent, as defined using the loss ratio methodology described in section 1001 of the Affordable Care Act.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 38. Minnesota Statutes 2012, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Cost-sharing.** (a) Except as otherwise provided in ~~paragraphs (b) and (c)~~ this subdivision, the MinnesotaCare benefit plan shall include the following cost-sharing requirements for all enrollees:

(1) ten percent of the paid charges for inpatient hospital services for adult enrollees, subject to an annual inpatient out-of-pocket maximum of $1,000 per individual;

(2) $3 per prescription for adult enrollees;

(3) $25 for eyeglasses for adult enrollees;

(4) $3 per nonpreventive visit. For purposes of this subdivision, a "visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(5) $6 for nonemergency visits to a hospital-based emergency room for services provided through December 31, 2010, and $3.50 effective January 1, 2011; and

(6) a family deductible equal to the maximum amount allowed under Code of Federal Regulations, title 42, part 447.54.

(b) Paragraph (a), clause (1), does not apply to ~~parents and relative caretakers of~~ families with children under the age of 21.

(c) Paragraph (a) does not apply to ~~pregnant women and~~ children under the age of 21.

(d) Paragraph (a), clause (4), does not apply to mental health services.

~~(e) Adult enrollees with family gross income that exceeds 200 percent of the federal poverty guidelines or 215 percent of the federal poverty guidelines on or after July 1, 2009, and who are not pregnant shall be financially responsible for the coinsurance amount, if applicable, and amounts which exceed the $10,000 inpatient hospital benefit limit.~~

~~(f)~~ (e) When a MinnesotaCare enrollee becomes a member of a prepaid health plan, or changes from one prepaid health plan to another during a calendar year, ~~any charges submitted towards the $10,000 annual inpatient benefit limit, and~~ any out-of-pocket expenses incurred by the enrollee for inpatient services, that were submitted or incurred prior to enrollment, or prior to the change in health plans, shall be disregarded.

~~(g)~~ (f) MinnesotaCare reimbursements to fee-for-service providers and payments to managed care plans or county-based purchasing plans shall not be increased as a result of the reduction of the co-payments in paragraph (a), clause (5), effective January 1, 2011.

~~(h)~~ (g) The commissioner, through the contracting process under section 256L.12, may allow managed care plans and county-based purchasing plans to waive the family deductible under paragraph (a), clause (6). The value of the family deductible shall not be included in the capitation payment to managed care plans and county-based purchasing plans. Managed care plans and county-based purchasing plans shall certify annually to the commissioner the dollar value of the family deductible.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 39. Minnesota Statutes 2012, section 256L.03, subdivision 6, is amended to read:

Subd. 6. **Lien.** When the state agency provides, pays for, or becomes liable for covered health services, the agency shall have a lien for the cost of the covered health services upon any and all causes of action accruing to the enrollee, or to the enrollee's legal representatives, as a result of the occurrence that necessitated the payment for the covered health services. All liens under this section shall be subject to the provisions of section 256.015. For purposes of this subdivision, "state agency" includes ~~prepaid health plans~~ participating entities, under contract with the commissioner according to ~~sections 256B.69, 256D.03, subdivision 4, paragraph (c), and 256L.12; and county-based purchasing entities under section 256B.692~~ section 256L.121.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 40. Minnesota Statutes 2012, section 256L.04, subdivision 1, is amended to read:

Subdivision 1. **Families with children.** ~~(a)~~ Families with children with family income above 133 percent of the federal poverty guidelines and equal to or less than ~~275~~ 200 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18~~, including the insurance-related barriers to enrollment under section 256L.07,~~ shall apply unless otherwise specified.

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

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

~~(d) Parents are not eligible for MinnesotaCare if their gross income exceeds $57,500.~~

~~(e) Children deemed eligible for MinnesotaCare under section 256L.07, subdivision 8, are exempt from the eligibility requirements of this subdivision.~~

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 41. Minnesota Statutes 2012, section 256L.04, is amended by adding a subdivision to read:

Subd. 1c. **General requirements.** To be eligible for coverage under MinnesotaCare, a person must meet the eligibility requirements of this section. A person eligible for MinnesotaCare shall not be treated as a qualified individual under section 1312 of the Affordable Care Act, and is not eligible for enrollment in a qualified health plan offered through the health benefit exchange under section 1331 of the Affordable Care Act.

EFFECTIVE DATE. This section is effective January 1, 2015.

Sec. 42. Minnesota Statutes 2012, section 256L.04, subdivision 7, is amended to read:

Subd. 7. **Single adults and households with no children.** ~~(a)~~ The definition of eligible persons includes all individuals and ~~households~~ families with no children who have ~~gross family~~ incomes that are above 133 percent and equal to or less than 200 percent of the federal poverty guidelines for the applicable family size.

~~(b) Effective July 1, 2009, the definition of eligible persons includes all individuals and households with no children who have gross family incomes that are equal to or less than 250 percent of the federal poverty guidelines.~~

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 43. Minnesota Statutes 2012, section 256L.04, subdivision 8, is amended to read:

Subd. 8. **Applicants potentially eligible for medical assistance.** (a) Individuals who receive supplemental security income or retirement, survivors, or disability benefits due to a disability, or other disability-based pension, who qualify under subdivision 7, but who are potentially eligible for medical assistance without a spenddown shall be allowed to enroll in MinnesotaCare for a period of 60 days, so long as the applicant meets all other conditions of eligibility. The commissioner shall identify and refer the applications of such individuals to their county social service agency. The county and the commissioner shall cooperate to ensure that the individuals obtain medical assistance coverage for any months for which they are eligible.

(b) The enrollee must cooperate with the county social service agency in determining medical assistance eligibility within the 60-day enrollment period. Enrollees who do not cooperate with medical assistance within the 60-day enrollment period shall be disenrolled from the plan within one calendar month. Persons disenrolled for

nonapplication for medical assistance may not reenroll until they have obtained a medical assistance eligibility determination. Persons disenrolled for noncooperation with medical assistance may not reenroll until they have cooperated with the county agency and have obtained a medical assistance eligibility determination.

(c) Beginning January 1, 2000, counties that choose to become MinnesotaCare enrollment sites shall consider MinnesotaCare applications to also be applications for medical assistance. ~~Applicants who are potentially eligible for medical assistance, except for those described in paragraph (a), may choose to enroll in either MinnesotaCare or medical assistance.~~

(d) The commissioner shall redetermine provider payments made under MinnesotaCare to the appropriate medical assistance payments for those enrollees who subsequently become eligible for medical assistance.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 44. Minnesota Statutes 2012, section 256L.04, subdivision 10, is amended to read:

Subd. 10. **Citizenship requirements.** (a) Eligibility for MinnesotaCare is limited to citizens or nationals of the United States~~, qualified noncitizens, and other persons residing~~ and lawfully ~~in the United States~~ present noncitizens as defined in Code of Federal Regulations, title 8, section 103.12. Undocumented noncitizens ~~and nonimmigrants~~ are ineligible for MinnesotaCare. For purposes of this subdivision, ~~a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and~~ an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the United States Citizenship and Immigration Services. Families with children who are citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) Eligible persons include individuals who are lawfully present and ineligible for medical assistance by reason of immigration status, who have family income equal to or less than 200 percent of the federal poverty guidelines for the applicable family size.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 45. Minnesota Statutes 2012, section 256L.04, is amended by adding a subdivision to read:

Subd. 14. **Coordination with medical assistance.** (a) Individuals eligible for medical assistance under chapter 256B are not eligible for MinnesotaCare under this section.

(b) The commissioner shall coordinate eligibility and coverage to ensure that individuals transitioning between medical assistance and MinnesotaCare have seamless eligibility and access to health care services.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 46. Minnesota Statutes 2012, section 256L.05, subdivision 1, is amended to read:

Subdivision 1. **Application assistance and information availability.** (a) Applicants may submit applications online, in person, by mail, or by phone in accordance with the Affordable Care Act, and by any other means by which medical assistance applications may be submitted. Applicants may submit applications through the Minnesota Insurance Marketplace or through the MinnesotaCare program. Applications and application assistance

must be made available at provider offices, local human services agencies, school districts, public and private elementary schools in which 25 percent or more of the students receive free or reduced price lunches, community health offices, Women, Infants and Children (WIC) program sites, Head Start program sites, public housing councils, crisis nurseries, child care centers, early childhood education and preschool program sites, legal aid offices, and libraries, and at any other locations at which medical assistance applications must be made available. These sites may accept applications and forward the forms to the commissioner or local county human services agencies that choose to participate as an enrollment site. Otherwise, applicants may apply directly to the commissioner or to participating local county human services agencies.

(b) Application assistance must be available for applicants choosing to file an online application through the Minnesota Insurance Marketplace.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 47. Minnesota Statutes 2012, section 256L.05, subdivision 2, is amended to read:

Subd. 2. **Commissioner's duties.** The commissioner or county agency shall use electronic verification through the Minnesota Insurance Marketplace as the primary method of income verification. If there is a discrepancy between reported income and electronically verified income, an individual may be required to submit additional verification to the extent permitted under the Affordable Care Act. In addition, the commissioner shall perform random audits to verify reported income and eligibility. The commissioner may execute data sharing arrangements with the Department of Revenue and any other governmental agency in order to perform income verification related to eligibility and premium payment under the MinnesotaCare program.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 48. Minnesota Statutes 2012, section 256L.05, subdivision 3, is amended to read:

Subd. 3. **Effective date of coverage.** (a) The effective date of coverage is the first day of the month following the month in which eligibility is approved and the first premium payment has been received. ~~As provided in section 256B.057, coverage for newborns is automatic from the date of birth and must be coordinated with other health coverage. The effective date of coverage for eligible newly adoptive children added to a family receiving covered health services is the month of placement.~~ The effective date of coverage for ~~other~~ new members added to the family is the first day of the month following the month in which the change is reported. All eligibility criteria must be met by the family at the time the new family member is added. The income of the new family member is included with the family's modified adjusted gross income and the adjusted premium begins in the month the new family member is added.

(b) The initial premium must be received by the last working day of the month for coverage to begin the first day of the following month.

~~(c) Benefits are not available until the day following discharge if an enrollee is hospitalized on the first day of coverage.~~

~~(d)~~ (c) Notwithstanding any other law to the contrary, benefits under sections 256L.01 to 256L.18 are secondary to a plan of insurance or benefit program under which an eligible person may have coverage and the commissioner shall use cost avoidance techniques to ensure coordination of any other health coverage for eligible persons. The commissioner shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.

~~(e)~~ (d) The effective date of coverage for individuals or families who are exempt from paying premiums under section 256L.15, subdivision 1, paragraph (d), is the first day of the month following the month in which verification of American Indian status is received or eligibility is approved, whichever is later.

~~(f)~~ (e) The effective date of coverage for children eligible under section 256L.07, subdivision 8, is the first day of the month following the date of termination from foster care or release from a juvenile residential correctional facility.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 49. Minnesota Statutes 2012, section 256L.06, subdivision 3, is amended to read:

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

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

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

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

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 50. Minnesota Statutes 2012, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. **General requirements.** ~~(a) Children enrolled in the original children's health plan as of September 30, 1992, children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and children who have family gross incomes that are equal to or less than 200 percent of the federal poverty guidelines are eligible without meeting the requirements of subdivision 2 and the four month requirement in subdivision 3, as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance.~~

~~Parents~~ Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 1, and individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above ~~275~~ 200 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. ~~Beginning~~

~~January 1, 2008, individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 200 percent of the federal poverty guidelines or 250 percent of the federal poverty guidelines on or after July 1, 2009, are no longer eligible for the program and shall be disenrolled by the commissioner.~~ For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual exceeds program income limits.

~~(b) Children may remain enrolled in MinnesotaCare if their gross family income as defined in section 256L.01, subdivision 4, is greater than 275 percent of federal poverty guidelines. The premium for children remaining eligible under this paragraph shall be the maximum premium determined under section 256L.15, subdivision 2, paragraph (b).~~

~~(c) Notwithstanding paragraph (a), parents are not eligible for MinnesotaCare if gross household income exceeds $57,500 for the 12-month period of eligibility.~~

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 51. Minnesota Statutes 2012, section 256L.07, subdivision 2, is amended to read:

Subd. 2. **Must not have access to employer-subsidized minimum essential coverage.** (a) To be eligible, a family or individual must not have access to subsidized health coverage ~~through an employer and must not have had access to employer-subsidized coverage through a current employer for 18 months prior to application or reapplication. A family or individual whose employer subsidized coverage is lost due to an employer terminating health care coverage as an employee benefit during the previous 18 months is not eligible~~ that is affordable and provides minimum value as defined in Code of Federal Regulations, title 26, section 1.36B-2.

(b) This subdivision does not apply to a family or individual ~~who was enrolled in MinnesotaCare within six months or less of reapplication and~~ who no longer has employer-subsidized coverage due to the employer terminating health care coverage as an employee benefit. ~~This subdivision does not apply to children with family gross incomes that are equal to or less than 200 percent of federal poverty guidelines.~~

~~(c) For purposes of this requirement, subsidized health coverage means health coverage for which the employer pays at least 50 percent of the cost of coverage for the employee or dependent, or a higher percentage as specified by the commissioner. Children are eligible for employer subsidized coverage through either parent, including the noncustodial parent. The commissioner must treat employer contributions to Internal Revenue Code Section 125 plans and any other employer benefits intended to pay health care costs as qualified employer subsidies toward the cost of health coverage for employees for purposes of this subdivision.~~

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 52. Minnesota Statutes 2012, section 256L.07, subdivision 3, is amended to read:

Subd. 3. **Other health coverage.** (a) ~~Families and individuals enrolled in the MinnesotaCare program must have no~~ To be eligible, a family must not have minimum essential health coverage ~~while enrolled~~, as defined by section 5000A of the Internal Revenue Code. ~~Children with family gross incomes equal to or greater than 200 percent of federal poverty guidelines, and adults, must have had no health coverage for at least four months prior to application and renewal. Children enrolled in the original children's health plan and children in families with income equal to or less than 200 percent of the federal poverty guidelines, who have other health insurance, are eligible if the coverage:~~

~~(1) lacks two or more of the following:~~

~~(i) basic hospital insurance;~~

~~(ii) medical-surgical insurance;~~

~~(iii) prescription drug coverage;~~

~~(iv) dental coverage; or~~

~~(v) vision coverage;~~

~~(2) requires a deductible of $100 or more per person per year; or~~

~~(3) lacks coverage because the child has exceeded the maximum coverage for a particular diagnosis or the policy excludes a particular diagnosis.~~

~~The commissioner may change this eligibility criterion for sliding scale premiums in order to remain within the limits of available appropriations. The requirement of no health coverage does not apply to newborns.~~

~~(b) Coverage purchased as provided under section 256L.031, subdivision 2, medical assistance, and the Civilian Health and Medical Program of the Uniformed Service, CHAMPUS, or other coverage provided under United States Code, title 10, subtitle A, part II, chapter 55, are not considered insurance or health coverage for purposes of the four-month requirement described in this subdivision.~~

~~(c)~~ (b) For purposes of this subdivision, an applicant or enrollee who is entitled to Medicare Part A or enrolled in Medicare Part B coverage under title XVIII of the Social Security Act, United States Code, title 42, sections 1395c to 1395w-152, is considered to have minimum essential health coverage. An applicant or enrollee who is entitled to premium-free Medicare Part A may not refuse to apply for or enroll in Medicare coverage to establish eligibility for MinnesotaCare.

~~(d) Applicants who were recipients of medical assistance within one month of application must meet the provisions of this subdivision and subdivision 2.~~

~~(e) Cost-effective health insurance that was paid for by medical assistance is not considered health coverage for purposes of the four-month requirement under this section, except if the insurance continued after medical assistance no longer considered it cost-effective or after medical assistance closed.~~

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 53. Minnesota Statutes 2012, section 256L.09, subdivision 2, is amended to read:

Subd. 2. **Residency requirement.** To be eligible for health coverage under the MinnesotaCare program, ~~pregnant women,~~ individuals~~,~~ and families with children must meet the residency requirements as provided by Code of Federal Regulations, title 42, section 435.403, except that the provisions of section 256B.056, subdivision 1, shall apply upon receipt of federal approval.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 54. Minnesota Statutes 2012, section 256L.11, subdivision 6, is amended to read:

Subd. 6. ~~**Enrollees 18 or older**~~ **Reimbursement of inpatient hospital services.** Payment by the MinnesotaCare program for inpatient hospital services provided to MinnesotaCare enrollees eligible under section 256L.04, subdivision 7, or who qualify under section 256L.04, ~~subdivisions~~ subdivision 1 ~~and 2, with family gross income that exceeds 175 percent of the federal poverty guidelines and who are not pregnant, who are 18 years old or older on the date of admission to the inpatient hospital must be in accordance with paragraphs (a) and (b). Payment for adults who are not pregnant and are eligible under section 256L.04, subdivisions 1 and 2, and whose incomes are equal to or less than 175 percent of the federal poverty guidelines, shall be as provided for under paragraph (c).~~, shall be at the medical assistance rate minus any co-payment required under section 256L.03, subdivision 5. The hospital must not seek payment from the enrollee in addition to the co-payment. The MinnesotaCare payment plus the co-payment must be treated as payment in full.

~~(a) If the medical assistance rate minus any co-payment required under section 256L.03, subdivision 4, is less than or equal to the amount remaining in the enrollee's benefit limit under section 256L.03, subdivision 3, payment must be the medical assistance rate minus any co-payment required under section 256L.03, subdivision 4. The hospital must not seek payment from the enrollee in addition to the co-payment. The MinnesotaCare payment plus the co-payment must be treated as payment in full.~~

~~(b) If the medical assistance rate minus any co-payment required under section 256L.03, subdivision 4, is greater than the amount remaining in the enrollee's benefit limit under section 256L.03, subdivision 3, payment must be the lesser of:~~

~~(1) the amount remaining in the enrollee's benefit limit; or~~

~~(2) charges submitted for the inpatient hospital services less any co-payment established under section 256L.03, subdivision 4.~~

~~The hospital may seek payment from the enrollee for the amount by which usual and customary charges exceed the payment under this paragraph. If payment is reduced under section 256L.03, subdivision 3, paragraph (b), the hospital may not seek payment from the enrollee for the amount of the reduction.~~

~~(c) For admissions occurring on or after July 1, 2011, for single adults and households without children who are eligible under section 256L.04, subdivision 7, the commissioner shall pay hospitals directly, up to the medical assistance payment rate, for inpatient hospital benefits up to the $10,000 annual inpatient benefit limit, minus any co-payment required under section 256L.03, subdivision 5. Inpatient services paid directly by the commissioner under this paragraph do not include chemical dependency hospital-based and residential treatment.~~

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 55. **[256L.121] SERVICE DELIVERY.**

Subdivision 1. **Competitive process.** The commissioner of human services shall establish a competitive process for entering into contracts with participating entities for the offering of standard health plans through MinnesotaCare. Coverage through standard health plans must be available to enrollees beginning January 1, 2015. Each standard health plan must cover the health services listed in and meet the requirements of section 256L.03. The competitive process must meet the requirements of section 1331 of the Affordable Care Act and be designed to ensure enrollee access to high-quality health care coverage options. The commissioner, to the extent feasible, shall seek to ensure that enrollees have a choice of coverage from more than one participating entity within a geographic area. In rural areas other than metropolitan statistical areas, the commissioner shall use the medical assistance

competitive procurement process under section 256B.69, subdivisions 1 to 32, under which selection of entities is based on criteria related to provider network access, coordination of health care with other local services, alignment with local public health goals, and other factors.

Subd. 2. **Other requirements for participating entities.** The commissioner shall require participating entities, as a condition of contract, to document to the commissioner:

(1) the provision of culturally and linguistically appropriate services, including marketing materials, to MinnesotaCare enrollees; and

(2) the inclusion in provider networks of providers designated as essential community providers under section 62Q.19.

Subd. 3. **Coordination with state-administered health programs.** The commissioner shall coordinate the administration of the MinnesotaCare program with medical assistance to maximize efficiency and improve the continuity of care. This includes, but is not limited to:

(1) establishing geographic areas for MinnesotaCare that are consistent with the geographic areas of the medical assistance program, within which participating entities may offer health plans;

(2) requiring, as a condition of participation in MinnesotaCare, participating entities to also participate in the medical assistance program;

(3) complying with sections 256B.69, subdivision 3a; 256B.692, subdivision 1; and 256B.694, when contracting with MinnesotaCare participating entities;

(4) providing MinnesotaCare enrollees, to the extent possible, with the option to remain in the same health plan and provider network, if they later become eligible for medical assistance or coverage through the Minnesota health benefit exchange and if, in the case of becoming eligible for medical assistance, the enrollee's MinnesotaCare health plan is also a medical assistance health plan in the enrollee's county of residence; and

(5) establishing requirements and criteria for selection that ensure that covered health care services will be coordinated with local public health services, social services, long-term care services, mental health services, and other local services affecting enrollees' health, access, and quality of care.

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

Sec. 56. Minnesota Statutes 2012, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. **Premium determination.** (a) Families with children and individuals shall pay a premium determined according to subdivision 2.

~~(b) Pregnant women and children under age two are exempt from the provisions of section 256L.06, subdivision 3, paragraph (b), clause (3), requiring disenrollment for failure to pay premiums. For pregnant women, this exemption continues until the first day of the month following the 60th day postpartum. Women who remain enrolled during pregnancy or the postpartum period, despite nonpayment of premiums, shall be disenrolled on the first of the month following the 60th day postpartum for the penalty period that otherwise applies under section 256L.06, unless they begin paying premiums.~~

~~(c)~~ (b) Members of the military and their families who meet the eligibility criteria for MinnesotaCare upon eligibility approval made within 24 months following the end of the member's tour of active duty shall have their premiums paid by the commissioner. The effective date of coverage for an individual or family who meets the criteria of this paragraph shall be the first day of the month following the month in which eligibility is approved. This exemption applies for 12 months.

~~(d)~~ (c) Beginning July 1, 2009, American Indians enrolled in MinnesotaCare and their families shall have their premiums waived by the commissioner in accordance with section 5006 of the American Recovery and Reinvestment Act of 2009, Public Law 111-5. An individual must document status as an American Indian, as defined under Code of Federal Regulations, title 42, section 447.50, to qualify for the waiver of premiums.

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 57. Minnesota Statutes 2012, section 256L.15, subdivision 2, is amended to read:

Subd. 2. **Sliding fee scale; monthly gross individual or family income.** (a) The commissioner shall establish a sliding fee scale to determine the percentage of monthly gross individual or family income that households at different income levels must pay to obtain coverage through the MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly ~~gross individual or~~ family income. The sliding fee scale must contain separate tables based on enrollment of one, two, or three or more persons. Until June 30, 2009, the sliding fee scale begins with a premium of 1.5 percent of monthly gross individual or family income for individuals or families with incomes below the limits for the medical assistance program for families and children in effect on January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1, 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income steps ranging from the medical assistance income limit for families and children in effect on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable family size, up to a family size of five. The sliding fee scale for a family of five must be used for families of more than five. The sliding fee scale and percentages are not subject to the provisions of chapter 14. If a family or individual reports increased income after enrollment, premiums shall be adjusted at the time the change in income is reported.

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

~~(c)~~ (b) Beginning July 1, 2009, MinnesotaCare enrollees shall pay premiums according to the premium scale specified in paragraph ~~(d)~~ (c) with the exception that children in families with income at or below 200 percent of the federal poverty guidelines shall pay no premiums. For purposes of paragraph ~~(d)~~ (c), "minimum" means a monthly premium of $4.

~~(d)~~ (c) The following premium scale is established for individuals and families with ~~gross family~~ incomes of ~~275~~ 200 percent of the federal poverty guidelines or less:

Federal Poverty Guideline Range	Percent of Average Gross Monthly Income
0-45%	minimum
46-54%	$4 or 1.1% of family income, whichever is greater
55-81%	1.6%
82-109%	2.2%
110-136%	2.9%
137-164%	3.6%
~~165-191~~ 165-200%	4.6%
~~192-219%~~	~~5.6%~~
~~220-248%~~	~~6.5%~~
~~249-275%~~	~~7.2%~~

EFFECTIVE DATE. This section is effective January 1, 2014, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 58. **DETERMINATION OF FUNDING ADEQUACY.**

The commissioners of revenue and management and budget, in consultation with the commissioner of human services, shall conduct an assessment of health care taxes, including the gross premiums tax, the provider tax, and Medicaid surcharges, and their relationship to the long-term solvency of the health care access fund, as part of the state revenue and expenditure forecast in November 2013. The commissioners shall determine the amount of state funding that will be required after December 31, 2019, in addition to the federal payments made available under section 1331 of the Affordable Care Act, for the MinnesotaCare program. The commissioners shall evaluate the stability and likelihood of long-term federal funding for the MinnesotaCare program under section 1331. The commissioners shall report the results of this assessment to the legislature by January 15, 2014, along with recommendations for changes to state revenue for the health care access fund, if state funding will continue to be required beyond December 31, 2019.

Sec. 59. **STATE-BASED RISK ADJUSTMENT SYSTEM ASSESSMENT.**

(a) The commissioners of health, human services, and commerce, and the board of MNsure, shall study whether Minnesota-based risk adjustment of the individual and small group insurance market, using either the federal risk adjustment model or a state-based alternative, can be more cost-effective and perform better than risk adjustment conducted by federal agencies. The study shall assess the policies, infrastructure, and resources necessary to satisfy the requirements of Code of Federal Regulations, title 45, section 153, subpart D. The study shall also evaluate the extent to which Minnesota-based risk adjustment could meet requirements established in Code of Federal Regulations, title 45, section 153.330, including:

(1) explaining the variation in health care costs of a given population;

(2) linking risk factors to daily clinical practices and that which is clinically meaningful to providers;

(3) encouraging favorable behavior among health care market participants and discouraging unfavorable behavior;

(4) whether risk adjustment factors are relatively easy for stakeholders to understand and participate in;

(5) providing stable risk scores over time and across health plan products;

(6) minimizing administrative costs;

(7) accounting for risk selection across metal levels;

(8) aligning each of the elements of the methodology; and

(9) can be conducted at a per-member cost equal to or lower than the projected cost of the federal risk adjustment model.

(b) In conducting the study, and notwithstanding Minnesota Rules, chapter 4653, and as part of responsibilities under Minnesota Statutes, section 62U.04, subdivision 4, paragraph (b), the commissioner of health shall collect from health carriers in the individual and small group health insurance market, beginning on January 1, 2014, and for service dates in calendar year 2014, all data required for conducting risk adjustment with standard risk adjusters such as the Adjusted Clinical Groups or the Hierarchical Condition Category System, including but not limited to:

(1) an indicator identifying the health plan product under which an enrollee is covered;

(2) an indicator identifying whether an enrollee's policy is an individual or small group market policy;

(3) an indicator identifying, if applicable, the metal level of an enrollee's health plan product, and whether the policy is a catastrophic policy; and

(4) additional identified demographic data necessary to link individuals' data across carriers and insurance affordability programs with 95 percent accuracy. The commissioner shall not collect more than the last four digits of an individual's social security number.

(c) The commissioner of health shall also asses the extent to which data collected under paragraph (b) and under Minnesota Statutes, section 62U.04, subdivision 4, paragraph (a), are sufficient for developing and operating a state alternative risk adjustment methodology consistent with applicable federal rules by evaluating:

(1) if the data submitted are adequately complete, accurate, and timely;

(2) if the data should be further enriched by nontraditional risk adjusters that help in better explaining variation in health care costs of a given population and account for risk selection across metal levels;

(3) whether additional data or identifiers have the potential to strengthen a Minnesota-based risk adjustment approach; and

(4) what if any changes to the technical infrastructure will be necessary to effectively perform state-based risk adjustment.

For purposes of this paragraph, the commissioner of health shall have the authority to use identified data to validate and audit a statistically valid sample of data for each health carrier in the individual and small group market. In conducting the study, the commissioners shall contract with entities that do not have an economic interest in the outcome of Minnesota-based risk adjustment but do have demonstrated expertise in actuarial science or health economics and demonstrated experience with designing and implementing risk adjustment models.

(d) The commissioner of human services shall evaluate opportunities to maximize federal funding under section 1331 of the federal Patient and Protection and Affordable Care Act, Public Law 111-148, and further defined through amendments to the act and regulations issued under the act. The commissioner of human services shall make recommendations on risk adjustment strategies to maximize federal funding to the state of Minnesota.

(e) The commissioners and board of MNsure shall submit to the legislature by March 15, 2014, an interim report with preliminary findings from the assessment conducted in paragraphs (c) and (d). The interim report shall include legislative recommendations for any necessary changes to Minnesota Statutes, section 62Q.03. A final report shall be submitted by the commissioners and board of MNsure to the legislature by October 1, 2015. The final report must include findings from the overall assessment and a recommendation whether to conduct state-based risk adjustment.

(f) For purposes of this section, the board of MNsure means the board established under Minnesota Statutes, section 62V.03.

Sec. 60. **REQUEST FOR FEDERAL AUTHORITY.**

The commissioner of human services shall seek authority from the federal Centers for Medicare and Medicaid Services to allow persons under age 65, participating in a home and community-based services waiver under section 1915(c) of the Social Security Act, to continue to disregard spousal income and assets, in place of the spousal impoverishment provisions under the federal Patient Protection and Affordable Care Act, Public Law 111-148, section 2404, as amended by the federal Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and any amendments to, or regulations and guidance issued under, those acts.

Sec. 61. **REVISOR'S INSTRUCTION.**

The revisor shall remove cross-references to the sections repealed in this article wherever they appear in Minnesota Statutes and Minnesota Rules and make changes necessary to correct the punctuation, grammar, or structure of the remaining text and preserve its meaning.

Sec. 62. **REPEALER.**

(a) Minnesota Statutes 2012, sections 256L.01, subdivision 4a; 256L.031; 256L.04, subdivisions 1b, 9, and 10a; 256L.05, subdivision 3b; 256L.07, subdivisions 5, 8, and 9; 256L.11, subdivision 5; and 256L.17, subdivisions 1, 2, 3, 4, and 5, are repealed effective January 1, 2014.

(b) Minnesota Statutes 2012, section 256L.12, is repealed effective January 1, 2015.

(c) Minnesota Statutes 2012, sections 256B.055, subdivisions 3, 5, and 10b; 256B.056, subdivision 5b; and 256B.057, subdivisions 1c and 2, are repealed effective January 1, 2014.

ARTICLE 2
REFORM 2020; REDESIGNING HOME AND COMMUNITY-BASED SERVICES

Section 1. Minnesota Statutes 2012, section 144.0724, subdivision 4, is amended to read:

Subd. 4. **Resident assessment schedule.** (a) A facility must conduct and electronically submit to the commissioner of health case mix assessments that conform with the assessment schedule defined by Code of Federal Regulations, title 42, section 483.20, and published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, in the Long Term Care Assessment Instrument User's Manual, version 3.0, and subsequent updates when issued by the Centers for Medicare and Medicaid Services. The commissioner of health may substitute successor manuals or question and answer documents published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, to replace or supplement the current version of the manual or document.

(b) The assessments used to determine a case mix classification for reimbursement include the following:

(1) a new admission assessment must be completed by day 14 following admission;

(2) an annual assessment which must have an assessment reference date (ARD) within 366 days of the ARD of the last comprehensive assessment;

(3) a significant change assessment must be completed within 14 days of the identification of a significant change; and

(4) all quarterly assessments must have an assessment reference date (ARD) within 92 days of the ARD of the previous assessment.

(c) In addition to the assessments listed in paragraph (b), the assessments used to determine nursing facility level of care include the following:

(1) preadmission screening completed under section ~~256B.0911, subdivision 4a, by a county, tribe, or managed care organization under contract with the Department of Human Services~~ 256.975, subdivision 7a, by the Senior LinkAge Line or Disability Linkage Line or other organization under contract with the Minnesota Board on Aging; and

(2) a nursing facility level of care determination as provided for under section 256B.0911, subdivision 4e, as part of a face-to-face long-term care consultation assessment completed under section 256B.0911, subdivision 3a, 3b, or 4d, by a county, tribe, or managed care organization under contract with the Department of Human Services.

Sec. 2. Minnesota Statutes 2012, section 144A.351, is amended to read:

144A.351 BALANCING LONG-TERM CARE SERVICES AND SUPPORTS: REPORT AND STUDY REQUIRED.

Subdivision 1. **Report requirements.** The commissioners of health and human services, with the cooperation of counties and in consultation with stakeholders, including persons who need or are using long-term care services and supports, lead agencies, regional entities, senior, disability, and mental health organization representatives, service providers, and community members shall prepare a report to the legislature by August 15, 2013, and biennially thereafter, regarding the status of the full range of long-term care services and supports for the elderly and children and adults with disabilities and mental illnesses in Minnesota. The report shall address:

(1) demographics and need for long-term care services and supports in Minnesota;

(2) summary of county and regional reports on long-term care gaps, surpluses, imbalances, and corrective action plans;

(3) status of long-term care services and related mental health services, housing options, and supports by county and region including:

(i) changes in availability of the range of long-term care services and housing options;

(ii) access problems, including access to the least restrictive and most integrated services and settings, regarding long-term care services; and

(iii) comparative measures of long-term care services availability, including serving people in their home areas near family, and changes over time; and

(4) recommendations regarding goals for the future of long-term care services and supports, policy and fiscal changes, and resource development and transition needs.

Subd. 2. **Critical access study.** The commissioner shall conduct a onetime study to assess local capacity and availability of home and community-based services for older adults, people with disabilities, and people with mental illnesses. The study must assess critical access at the community level and identify potential strategies to build home and community-based service capacity in critical access areas. The report shall be submitted to the legislature no later than August 15, 2015.

Sec. 3. Minnesota Statutes 2012, section 148E.065, subdivision 4a, is amended to read:

Subd. 4a. **City, county, and state social workers.** (a) Beginning July 1, 2016, the licensure of city, county, and state agency social workers is voluntary, except an individual who is newly employed by a city or state agency after July 1, 2016, must be licensed if the individual who provides social work services, as those services are defined in section 148E.010, subdivision 11, paragraph (b), is presented to the public by any title incorporating the words "social work" or "social worker."

(b) City, county, and state agencies employing social workers and staff who are designated to perform mandated duties under sections 256.975, subdivisions 7 to 7c and 256.01, subdivision 24, are not required to employ licensed social workers.

Sec. 4. Minnesota Statutes 2012, section 256.01, subdivision 2, is amended to read:

Subd. 2. **Specific powers.** Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall carry out the specific duties in paragraphs (a) through ~~(cc)~~ (dd):

(a) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(1) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(2) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(3) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(4) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(5) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(6) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(7) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(b) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(c) Administer and supervise all child welfare activities; promote the enforcement of laws protecting disabled, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the State Board of Control.

(d) Administer and supervise all noninstitutional service to disabled persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise disabled. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(e) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(f) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(g) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(h) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as developmentally disabled. For children under the guardianship of the commissioner or a tribe in Minnesota recognized by the Secretary of the Interior whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency or a Minnesota tribal social services agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs or tribal social services, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative, tribal governing body, or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(i) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(j) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(k) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(l) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(1) the secretary of health and human services of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity; and

(2) a comprehensive plan, including estimated project costs, shall be approved by the Legislative Advisory Commission and filed with the commissioner of administration.

(m) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(n) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, medical assistance, or food stamp program in the following manner:

(1) one-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and the AFDC program formerly codified in sections 256.72 to 256.87, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC program formerly codified in sections 256.72 to 256.87, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due; and

(2) notwithstanding the provisions of clause (1), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in clause (1), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to clause (1).

(o) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches $1,000,000. When the balance in the account exceeds $1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(p) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(q) Have the authority to establish and enforce the following county reporting requirements:

(1) the commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced;

(2) the county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner;

(3) if the required reports are not received by the deadlines established in clause (2), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received;

(4) a county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance;

(5) the final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period;

(6) the commissioner may not delay payments, withhold funds, or require repayment under clause (3) or (5) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under clause (3) or (5), the county board may appeal the action according to sections 14.57 to 14.69; and

(7) counties subject to withholding of funds under clause (3) or forfeiture or repayment of funds under clause (5) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under clause (3) or (5).

(r) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample in direct proportion to each county's claim for that period.

(s) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(t) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(u) Have the authority to administer a drug rebate program for drugs purchased pursuant to the prescription drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. Rebate agreements for prescription drugs delivered on or after July 1, 2002, must include rebates for individuals covered under the prescription drug program who are under 65 years of age. For each drug, the amount of the rebate shall be equal to the rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(v) Have the authority to administer the federal drug rebate program for drugs purchased under the medical assistance program as allowed by section 1927 of title XIX of the Social Security Act and according to the terms and conditions of section 1927. Rebates shall be collected for all drugs that have been dispensed or administered in an outpatient setting and that are from manufacturers who have signed a rebate agreement with the United States Department of Health and Human Services.

(w) Have the authority to administer a supplemental drug rebate program for drugs purchased under the medical assistance program. The commissioner may enter into supplemental rebate contracts with pharmaceutical manufacturers and may require prior authorization for drugs that are from manufacturers that have not signed a supplemental rebate contract. Prior authorization of drugs shall be subject to the provisions of section 256B.0625, subdivision 13.

(x) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(y) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(z) Designate community information and referral call centers and incorporate cost reimbursement claims from the designated community information and referral call centers into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Existing information and referral centers provided by Greater Twin Cities United Way or existing call centers for which Greater Twin Cities United Way has legal authority to represent, shall be included in these designations upon review by the commissioner and assurance that these services are accredited and in compliance with national standards. Any reimbursement is appropriated to the commissioner and all designated information and referral centers shall receive payments according to normal department schedules established by the commissioner upon final approval of allocation methodologies from the United States Department of Health and Human Services Division of Cost Allocation or other appropriate authorities.

(aa) Develop recommended standards for foster care homes that address the components of specialized therapeutic services to be provided by foster care homes with those services.

(bb) Authorize the method of payment to or from the department as part of the human services programs administered by the department. This authorization includes the receipt or disbursement of funds held by the department in a fiduciary capacity as part of the human services programs administered by the department.

(cc) Have the authority to administer a drug rebate program for drugs purchased for persons eligible for general assistance medical care under section 256D.03, subdivision 3. For manufacturers that agree to participate in the general assistance medical care rebate program, the commissioner shall enter into a rebate agreement for covered drugs as defined in section 256B.0625, subdivisions 13 and 13d. For each drug, the amount of the rebate shall be equal to the rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8. The manufacturers must provide payment within the terms and conditions used for the federal rebate program established under section 1927 of title XIX of the Social Security Act. The rebate program shall utilize the terms and conditions used for the federal rebate program established under section 1927 of title XIX of the Social Security Act.

Effective January 1, 2006, drug coverage under general assistance medical care shall be limited to those prescription drugs that:

(1) are covered under the medical assistance program as described in section 256B.0625, subdivisions 13 and 13d; and

(2) are provided by manufacturers that have fully executed general assistance medical care rebate agreements with the commissioner and comply with such agreements. Prescription drug coverage under general assistance medical care shall conform to coverage under the medical assistance program according to section 256B.0625, subdivisions 13 to 13g.

The rebate revenues collected under the drug rebate program are deposited in the general fund.

(dd) Designate the agencies that operate the Senior LinkAge Line under section 256.975, subdivision 7, and the Disability Linkage Line under subdivision 24 as the state of Minnesota Aging and the Disability Resource Centers under United States Code, title 42, section 3001, the Older Americans Act Amendments of 2006 and incorporate cost reimbursement claims from the designated centers into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement must be appropriated to the commissioner and all Aging and Disability Resource Center designated agencies shall receive payments of grant funding that supports the activity and generates the federal financial participation according to Board on Aging administrative granting mechanisms.

Sec. 5. Minnesota Statutes 2012, section 256.01, subdivision 24, is amended to read:

Subd. 24. **Disability Linkage Line.** The commissioner shall establish the Disability Linkage Line, ~~to~~ who shall serve people with disabilities as the designated Aging and Disability Resource Center under United States Code, title 42, section 3001, the Older Americans Act Amendments of 2006 in partnership with the Senior LinkAge Line and shall serve as Minnesota's neutral access point for statewide disability information and assistance and must be available during business hours through a statewide toll-free number and the internet. The Disability Linkage Line shall:

(1) deliver information and assistance based on national and state standards;

(2) provide information about state and federal eligibility requirements, benefits, and service options;

(3) provide benefits and options counseling;

(4) make referrals to appropriate support entities;

(5) educate people on their options so they can make well-informed choices and link them to quality profiles;

(6) help support the timely resolution of service access and benefit issues;

(7) inform people of their long-term community services and supports;

(8) provide necessary resources and supports that can lead to employment and increased economic stability of people with disabilities; ~~and~~

(9) serve as the technical assistance and help center for the Web-based tool, Minnesota's Disability Benefits 101.org~~.~~; and

(10) provide preadmission screening for individuals under 60 years of age using the procedures as defined in section 256.975, subdivisions 7a to 7c, and 256B.0911, subdivision 4d.

Sec. 6. Minnesota Statutes 2012, section 256.975, subdivision 7, is amended to read:

Subd. 7. **Consumer information and assistance and long-term care options counseling; Senior LinkAge Line.** (a) The Minnesota Board on Aging shall operate a statewide service to aid older Minnesotans and their families in making informed choices about long-term care options and health care benefits. Language services to persons with limited English language skills may be made available. The service, known as Senior LinkAge Line, shall serve older adults as the designated Aging and Disability Resource Center under United States Code, title 42, section 3001, the Older Americans Act Amendments of 2006 in partnership with the Disability LinkAge Line under section 256.01, subdivision 24, and must be available during business hours through a statewide toll-free number and ~~must also be available through~~ the Internet. The Minnesota Board on Aging shall consult with, and when appropriate work through, the area agencies on aging to provide and maintain the telephony infrastructure and related support for the Aging and Disability Resource Center partners which agree by memorandum to access the infrastructure, including the designated providers of the Senior LinkAge Line and the Disability Linkage Line.

(b) The service must provide long-term care options counseling by assisting older adults, caregivers, and providers in accessing information and options counseling about choices in long-term care services that are purchased through private providers or available through public options. The service must:

(1) develop a comprehensive database that includes detailed listings in both consumer- and provider-oriented formats;

(2) make the database accessible on the Internet and through other telecommunication and media-related tools;

(3) link callers to interactive long-term care screening tools and make these tools available through the Internet by integrating the tools with the database;

(4) develop community education materials with a focus on planning for long-term care and evaluating independent living, housing, and service options;

(5) conduct an outreach campaign to assist older adults and their caregivers in finding information on the Internet and through other means of communication;

(6) implement a messaging system for overflow callers and respond to these callers by the next business day;

(7) link callers with county human services and other providers to receive more in-depth assistance and consultation related to long-term care options;

(8) link callers with quality profiles for nursing facilities and other home and community-based services providers developed by the ~~commissioner~~ commissioners of health and human services;

(9) incorporate information about the availability of housing options, as well as registered housing with services and consumer rights within the MinnesotaHelp.info network long-term care database to facilitate consumer comparison of services and costs among housing with services establishments and with other in-home services and to support financial self-sufficiency as long as possible. Housing with services establishments and their arranged home care providers shall provide information that will facilitate price comparisons, including delineation of charges for rent and for services available. The commissioners of health and human services shall align the data elements required by section 144G.06, the Uniform Consumer Information Guide, and this section to provide consumers standardized information and ease of comparison of long-term care options. The commissioner of human services shall provide the data to the Minnesota Board on Aging for inclusion in the MinnesotaHelp.info network long-term care database;

(10) provide long-term care options counseling. Long-term care options counselors shall:

(i) for individuals not eligible for case management under a public program or public funding source, provide interactive decision support under which consumers, family members, or other helpers are supported in their deliberations to determine appropriate long-term care choices in the context of the consumer's needs, preferences, values, and individual circumstances, including implementing a community support plan;

(ii) provide Web-based educational information and collateral written materials to familiarize consumers, family members, or other helpers with the long-term care basics, issues to be considered, and the range of options available in the community;

(iii) provide long-term care futures planning, which means providing assistance to individuals who anticipate having long-term care needs to develop a plan for the more distant future; and

(iv) provide expertise in benefits and financing options for long-term care, including Medicare, long-term care insurance, tax or employer-based incentives, reverse mortgages, private pay options, and ways to access low or no-cost services or benefits through volunteer-based or charitable programs;

(11) using risk management and support planning protocols, provide long-term care options counseling to current residents of nursing homes deemed appropriate for discharge by the commissioner and older adults who request service after consultation with the Senior LinkAge Line under clause (12). ~~In order to meet this requirement,~~ The Senior LinkAge Line shall also receive referrals from the residents or staff of nursing homes. The Senior LinkAge Line shall identify and contact residents deemed appropriate for discharge by developing targeting criteria in consultation with the commissioner who shall provide designated Senior LinkAge Line contact centers with a list of nursing home residents that meet the criteria as being appropriate for discharge planning via a secure Web portal. Senior LinkAge Line shall provide these residents, if they indicate a preference to receive long-term care options counseling, with initial assessment~~, review of risk factors, independent living support consultation, or~~ and, if appropriate, a referral to:

(i) long-term care consultation services under section 256B.0911;

(ii) designated care coordinators of contracted entities under section 256B.035 for persons who are enrolled in a managed care plan; or

(iii) the long-term care consultation team for those who are ~~appropriate~~ eligible for relocation service coordination due to high-risk factors or psychological or physical disability; and

(12) develop referral protocols and processes that will assist certified health care homes and hospitals to identify at-risk older adults and determine when to refer these individuals to the Senior LinkAge Line for long-term care options counseling under this section. The commissioner is directed to work with the commissioner of health to

develop protocols that would comply with the health care home designation criteria and protocols available at the time of hospital discharge. The commissioner shall keep a record of the number of people who choose long-term care options counseling as a result of this section.

Sec. 7. Minnesota Statutes 2012, section 256.975, is amended by adding a subdivision to read:

Subd. 7a. **Preadmission screening activities related to nursing facility admissions.** (a) All individuals seeking admission to Medicaid certified nursing facilities, including certified boarding care facilities, must be screened prior to admission regardless of income, assets, or funding sources for nursing facility care, except as described in subdivision 7b, paragraphs (a) and (b). The purpose of the screening is to determine the need for nursing facility level of care as described in section 256B.0911, subdivision 4e, and to complete activities required under federal law related to mental illness and developmental disability as outlined in paragraph (b).

(b) A person who has a diagnosis or possible diagnosis of mental illness or developmental disability must receive a preadmission screening before admission regardless of the exemptions outlined in subdivision 7b, paragraphs (a) and (b), to identify the need for further evaluation and specialized services, unless the admission prior to screening is authorized by the local mental health authority or the local developmental disabilities case manager, or unless authorized by the county agency according to Public Law 101-508.

(c) The following criteria apply to the preadmission screening:

(1) requests for preadmission screenings must be submitted via an online form developed by the commissioner;

(2) the Senior LinkAge Line must use forms and criteria developed by the commissioner to identify persons who require referral for further evaluation and determination of the need for specialized services; and

(3) the evaluation and determination of the need for specialized services must be done by:

(i) a qualified independent mental health professional, for persons with a primary or secondary diagnosis of a serious mental illness; or

(ii) a qualified developmental disability professional, for persons with a primary or secondary diagnosis of developmental disability. For purposes of this requirement, a qualified developmental disability professional must meet the standards for a qualified developmental disability professional under Code of Federal Regulations, title 42, section 483.430.

(d) The local county mental health authority or the state developmental disability authority under Public Law Numbers 100-203 and 101-508 may prohibit admission to a nursing facility if the individual does not meet the nursing facility level of care criteria or needs specialized services as defined in Public Law Numbers 100-203 and 101-508. For purposes of this section, "specialized services" for a person with developmental disability means active treatment as that term is defined under Code of Federal Regulations, title 42, section 483.440(a)(1).

(e) In assessing a person's needs, the screener shall:

(1) use an automated system designated by the commissioner;

(2) consult with care transitions coordinators or physician; and

(3) consider the assessment of the individual's physician.

Other personnel may be included in the level of care determination as deemed necessary by the screener.

EFFECTIVE DATE. This section is effective October 1, 2013.

Sec. 8. Minnesota Statutes 2012, section 256.975, is amended by adding a subdivision to read:

Subd. 7b. **Exemptions and emergency admissions.** (a) Exemptions from the federal screening requirements outlined in subdivision 7a, paragraphs (b) and (c), are limited to:

(1) a person who, having entered an acute care facility from a certified nursing facility, is returning to a certified nursing facility; or

(2) a person transferring from one certified nursing facility in Minnesota to another certified nursing facility in Minnesota.

(b) Persons who are exempt from preadmission screening for purposes of level of care determination include:

(1) persons described in paragraph (a);

(2) an individual who has a contractual right to have nursing facility care paid for indefinitely by the Veterans' Administration;

(3) an individual enrolled in a demonstration project under section 256B.69, subdivision 8, at the time of application to a nursing facility; and

(4) an individual currently being served under the alternative care program or under a home and community-based services waiver authorized under section 1915(c) of the federal Social Security Act.

(c) Persons admitted to a Medicaid-certified nursing facility from the community on an emergency basis as described in paragraph (d) or from an acute care facility on a nonworking day must be screened the first working day after admission.

(d) Emergency admission to a nursing facility prior to screening is permitted when all of the following conditions are met:

(1) a person is admitted from the community to a certified nursing or certified boarding care facility during Senior LinkAge Line nonworking hours for ages 60 and older and Disability Linkage Line nonworking hours for under age 60;

(2) a physician has determined that delaying admission until preadmission screening is completed would adversely affect the person's health and safety;

(3) there is a recent precipitating event that precludes the client from living safely in the community, such as sustaining an injury, sudden onset of acute illness, or a caregiver's inability to continue to provide care;

(4) the attending physician has authorized the emergency placement and has documented the reason that the emergency placement is recommended; and

(5) the Senior LinkAge Line or Disability Linkage Line is contacted on the first working day following the emergency admission.

Transfer of a patient from an acute care hospital to a nursing facility is not considered an emergency except for a person who has received hospital services in the following situations: hospital admission for observation, care in an emergency room without hospital admission, or following hospital 24-hour bed care and from whom admission is being sought on a nonworking day.

(e) A nursing facility must provide written information to all persons admitted regarding the person's right to request and receive long-term care consultation services as defined in section 256B.0911, subdivision 1a. The information must be provided prior to the person's discharge from the facility and in a format specified by the commissioner.

EFFECTIVE DATE. This section is effective October 1, 2013.

Sec. 9. Minnesota Statutes 2012, section 256.975, is amended by adding a subdivision to read:

Subd. 7c. **Screening requirements.** (a) A person may be screened for nursing facility admission by telephone or in a face-to-face screening interview. The Senior LinkAge Line shall identify each individual's needs using the following categories:

(1) the person needs no face-to-face long-term care consultation assessment completed under section 256B.0911, subdivision 3a, 3b, or 4d, by a county, tribe, or managed care organization under contract with the Department of Human Services to determine the need for nursing facility level of care based on information obtained from other health care professionals;

(2) the person needs an immediate face-to-face long-term care consultation assessment completed under section 256B.0911, subdivision 3a, 3b, or 4d, by a county, tribe, or managed care organization under contract with the Department of Human Services to determine the need for nursing facility level of care and complete activities required under subdivision 7a; or

(3) the person may be exempt from screening requirements as outlined in subdivision 7b, but will need transitional assistance after admission or in-person follow-along after a return home.

(b) Individuals between the ages of 60 and 64 who are admitted to nursing facilities with only a telephone screening must receive a face-to-face assessment from the long-term care consultation team member of the county in which the facility is located or from the recipient's county case manager within 40 calendar days of admission as described in section 256B.0911, subdivision 4d, paragraph (c).

(c) Persons admitted on a nonemergency basis to a Medicaid-certified nursing facility must be screened prior to admission.

(d) Screenings provided by the Senior LinkAge Line must include processes to identify persons who may require transition assistance described in subdivision 7, paragraph (b), clause (12), and section 256B.0911, subdivision 3b.

EFFECTIVE DATE. This section is effective October 1, 2013.

Sec. 10. Minnesota Statutes 2012, section 256.975, is amended by adding a subdivision to read:

Subd. 7d. **Payment for preadmission screening.** Funding for preadmission screening shall be provided to the Minnesota Board on Aging for the population 60 years of age and older by the Department of Human Services to cover screener salaries and expenses to provide the services described in subdivisions 7a to 7c. The Minnesota Board on Aging shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide preadmission screening and level of care determination services and shall seek to maximize federal funding for the service as provided under section 256.01, subdivision 2, paragraph (dd).

EFFECTIVE DATE. This section is effective October 1, 2013.

Sec. 11. Minnesota Statutes 2012, section 256.9754, is amended by adding a subdivision to read:

Subd. 3a. **Priority for other grants.** The commissioner of health shall give priority to a grantee selected under subdivision 3 when awarding technology-related grants, if the grantee is using technology as part of the proposal unless that priority conflicts with existing state or federal guidance related to grant awards by the Department of Health. The commissioner of transportation shall give priority to a grantee under subdivision 3 when distributing transportation-related funds to create transportation options for older adults unless that preference conflicts with existing state or federal guidance related to grant awards by the Department of Transportation.

Sec. 12. Minnesota Statutes 2012, section 256.9754, is amended by adding a subdivision to read:

Subd. 3b. **State waivers.** The commissioner of health may waive applicable state laws and rules on a time-limited basis if the commissioner of health determines that a participating grantee requires a waiver in order to achieve demonstration project goals.

Sec. 13. Minnesota Statutes 2012, section 256.9754, subdivision 5, is amended to read:

Subd. 5. **Grant preference.** The commissioner of human services shall give preference when awarding grants under this section to areas where nursing facility closures have occurred or are occurring or areas with service needs identified by section 144A.351. The commissioner may award grants to the extent grant funds are available and to the extent applications are approved by the commissioner. Denial of approval of an application in one year does not preclude submission of an application in a subsequent year. The maximum grant amount is limited to $750,000.

Sec. 14. Minnesota Statutes 2012, section 256B.021, is amended by adding a subdivision to read:

Subd. 4a. **Evaluation.** The commissioner shall evaluate the projects contained in subdivision 4, paragraphs (f), clauses (2) and (12), and (h). The evaluation must include:

(1) an impact assessment focusing on program outcomes, especially those experienced directly by the person receiving services;

(2) study samples drawn from the population of interest for each project; and

(3) a time series analysis to examine aggregate trends in average monthly utilization, expenditures, and other outcomes in the targeted populations before and after implementation of the initiatives.

Sec. 15. Minnesota Statutes 2012, section 256B.021, is amended by adding a subdivision to read:

Subd. 6. **Work, empower, and encourage independence.** As provided under subdivision 4, paragraph (e), upon federal approval, the commissioner shall establish a demonstration project to provide navigation, employment supports, and benefits planning services to a targeted group of federally funded Medicaid recipients to begin July 1, 2014. This demonstration shall promote economic stability, increase independence, and reduce applications for disability benefits while providing a positive impact on the health and future of participants.

Sec. 16. Minnesota Statutes 2012, section 256B.021, is amended by adding a subdivision to read:

Subd. 7. **Housing stabilization.** As provided under subdivision 4, paragraph (e), upon federal approval, the commissioner shall establish a demonstration project to provide service coordination, outreach, in-reach, tenancy support, and community living assistance to a targeted group of federally funded Medicaid recipients to begin January 1, 2014. This demonstration shall promote housing stability, reduce costly medical interventions, and increase opportunities for independent community living.

Sec. 17. Minnesota Statutes 2012, section 256B.0911, subdivision 1, is amended to read:

Subdivision 1. **Purpose and goal.** (a) The purpose of long-term care consultation services is to assist persons with long-term or chronic care needs in making care decisions and selecting support and service options that meet their needs and reflect their preferences. The availability of, and access to, information and other types of assistance, including assessment and support planning, is also intended to prevent or delay institutional placements and to provide access to transition assistance after admission. Further, the goal of these services is to contain costs associated with unnecessary institutional admissions. Long-term consultation services must be available to any person regardless of public program eligibility. The commissioner of human services shall seek to maximize use of available federal and state funds and establish the broadest program possible within the funding available.

(b) These services must be coordinated with long-term care options counseling provided under subdivision 4d, section 256.975, ~~subdivision~~ subdivisions 7 to 7c, and section 256.01, subdivision 24. The lead agency providing long-term care consultation services shall encourage the use of volunteers from families, religious organizations, social clubs, and similar civic and service organizations to provide community-based services.

Sec. 18. Minnesota Statutes 2012, section 256B.0911, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of this section, the following definitions apply:

(a) Until additional requirements apply under paragraph (b), "long-term care consultation services" means:

(1) intake for and access to assistance in identifying services needed to maintain an individual in the most inclusive environment;

(2) providing recommendations for and referrals to cost-effective community services that are available to the individual;

(3) development of an individual's person-centered community support plan;

(4) providing information regarding eligibility for Minnesota health care programs;

(5) face-to-face long-term care consultation assessments, which may be completed in a hospital, nursing facility, intermediate care facility for persons with developmental disabilities (ICF/DDs), regional treatment centers, or the person's current or planned residence;

~~(6) federally mandated preadmission screening activities described under subdivisions 4a and 4b;~~

~~(7)~~ (6) determination of home and community-based waiver and other service eligibility as required under sections 256B.0913, 256B.0915, and 256B.49, including level of care determination for individuals who need an institutional level of care as determined under section 256B.0911, subdivision ~~4a, paragraph (d)~~ 4e, based on assessment and community support plan development, appropriate referrals to obtain necessary diagnostic information, and including an eligibility determination for consumer-directed community supports;

~~(8)~~ (7) providing recommendations for institutional placement when there are no cost-effective community services available;

~~(9)~~ (8) providing access to assistance to transition people back to community settings after institutional admission; and

~~(10)~~ (9) providing information about competitive employment, with or without supports, for school-age youth and working-age adults and referrals to the Disability Linkage Line and Disability Benefits 101 to ensure that an informed choice about competitive employment can be made. For the purposes of this subdivision, "competitive employment" means work in the competitive labor market that is performed on a full-time or part-time basis in an integrated setting, and for which an individual is compensated at or above the minimum wage, but not less than the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities.

(b) Upon statewide implementation of lead agency requirements in subdivisions 2b, 2c, and 3a, "long-term care consultation services" also means:

(1) service eligibility determination for state plan home care services identified in:

(i) section 256B.0625, subdivisions 7, 19a, and 19c;

(ii) section 256B.0657; or

(iii) consumer support grants under section 256.476;

(2) notwithstanding provisions in Minnesota Rules, parts 9525.0004 to 9525.0024, determination of eligibility for case management services available under sections 256B.0621, subdivision 2, paragraph (4), and 256B.0924 and Minnesota Rules, part 9525.0016;

(3) determination of institutional level of care, home and community-based service waiver, and other service eligibility as required under section 256B.092, determination of eligibility for family support grants under section 252.32, semi-independent living services under section 252.275, and day training and habilitation services under section 256B.092; and

(4) obtaining necessary diagnostic information to determine eligibility under clauses (2) and (3).

(c) "Long-term care options counseling" means the services provided by the linkage lines as mandated by sections 256.01, subdivision 24, and 256.975, subdivision 7, and also includes telephone assistance and follow up once a long-term care consultation assessment has been completed.

(d) "Minnesota health care programs" means the medical assistance program under chapter 256B and the alternative care program under section 256B.0913.

(e) "Lead agencies" means counties administering or tribes and health plans under contract with the commissioner to administer long-term care consultation assessment and support planning services.

Sec. 19. Minnesota Statutes 2012, section 256B.0911, subdivision 3a, is amended to read:

Subd. 3a. **Assessment and support planning.** (a) Persons requesting assessment, services planning, or other assistance intended to support community-based living, including persons who need assessment in order to determine waiver or alternative care program eligibility, must be visited by a long-term care consultation team within 20 calendar days after the date on which an assessment was requested or recommended. Upon statewide implementation of subdivisions 2b, 2c, and 5, this requirement also applies to an assessment of a person requesting personal care assistance services and private duty nursing. The commissioner shall provide at least a 90-day notice to lead agencies prior to the effective date of this requirement. Face-to-face assessments must be conducted according to paragraphs (b) to (i).

(b) The lead agency may utilize a team of either the social worker or public health nurse, or both. Upon implementation of subdivisions 2b, 2c, and 5, lead agencies shall use certified assessors to conduct the assessment. The consultation team members must confer regarding the most appropriate care for each individual screened or assessed. For a person with complex health care needs, a public health or registered nurse from the team must be consulted.

(c) The assessment must be comprehensive and include a person-centered assessment of the health, psychological, functional, environmental, and social needs of referred individuals and provide information necessary to develop a community support plan that meets the consumers needs, using an assessment form provided by the commissioner.

(d) The assessment must be conducted in a face-to-face interview with the person being assessed and the person's legal representative, and other individuals as requested by the person, who can provide information on the needs, strengths, and preferences of the person necessary to develop a community support plan that ensures the person's health and safety, but who is not a provider of service or has any financial interest in the provision of services. For persons who are to be assessed for elderly waiver customized living services under section 256B.0915, with the permission of the person being assessed or the person's designated or legal representative, the client's current or proposed provider of services may submit a copy of the provider's nursing assessment or written report outlining its recommendations regarding the client's care needs. The person conducting the assessment will notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment prior to the assessment.

(e) If the person chooses to use community-based services, the person or the person's legal representative must be provided with a written community support plan within 40 calendar days of the assessment visit, regardless of whether the individual is eligible for Minnesota health care programs. The written community support plan must include:

(1) a summary of assessed needs as defined in paragraphs (c) and (d);

(2) the individual's options and choices to meet identified needs, including all available options for case management services and providers;

(3) identification of health and safety risks and how those risks will be addressed, including personal risk management strategies;

(4) referral information; and

(5) informal caregiver supports, if applicable.

For a person determined eligible for state plan home care under subdivision 1a, paragraph (b), clause (1), the person or person's representative must also receive a copy of the home care service plan developed by the certified assessor.

(f) A person may request assistance in identifying community supports without participating in a complete assessment. Upon a request for assistance identifying community support, the person must be transferred or referred to long-term care options counseling services available under sections 256.975, subdivision 7, and 256.01, subdivision 24, for telephone assistance and follow up.

(g) The person has the right to make the final decision between institutional placement and community placement after the recommendations have been provided, except as provided in section 256.975, subdivision ~~4a, paragraph (c)~~ 7a, paragraph (d).

(h) The lead agency must give the person receiving assessment or support planning, or the person's legal representative, materials, and forms supplied by the commissioner containing the following information:

(1) written recommendations for community-based services and consumer-directed options;

(2) documentation that the most cost-effective alternatives available were offered to the individual. For purposes of this clause, "cost-effective" means community services and living arrangements that cost the same as or less than institutional care. For an individual found to meet eligibility criteria for home and community-based service programs under section 256B.0915 or 256B.49, "cost-effectiveness" has the meaning found in the federally approved waiver plan for each program;

(3) the need for and purpose of preadmission screening conducted by long-term care options counselors according to section 256.975, subdivisions 7a to 7c, and section 256.01, subdivision 24, if the person selects nursing facility placement. If the individual selects nursing facility placement, the lead agency shall forward information needed to complete the level of care determinations and screening for developmental disability and mental illness collected during the assessment to the long-term care options counselor using forms provided by the commissioner;

(4) the role of long-term care consultation assessment and support planning in eligibility determination for waiver and alternative care programs, and state plan home care, case management, and other services as defined in subdivision 1a, paragraphs (a), clause (7), and (b);

(5) information about Minnesota health care programs;

(6) the person's freedom to accept or reject the recommendations of the team;

(7) the person's right to confidentiality under the Minnesota Government Data Practices Act, chapter 13;

(8) the certified assessor's decision regarding the person's need for institutional level of care as determined under criteria established in section 256B.0911, subdivision ~~4a, paragraph (d)~~ 4e, and the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clause (7), and (b); and

(9) the person's right to appeal the certified assessor's decision regarding eligibility for all services and programs as defined in subdivision 1a, paragraphs (a), clause (7), and (b), and incorporating the decision regarding the need for institutional level of care or the lead agency's final decisions regarding public programs eligibility according to section 256.045, subdivision 3.

(i) Face-to-face assessment completed as part of eligibility determination for the alternative care, elderly waiver, community alternatives for disabled individuals, community alternative care, and brain injury waiver programs under sections 256B.0913, 256B.0915, and 256B.49 is valid to establish service eligibility for no more than 60 calendar days after the date of assessment.

(j) The effective eligibility start date for programs in paragraph (i) can never be prior to the date of assessment. If an assessment was completed more than 60 days before the effective waiver or alternative care program eligibility start date, assessment and support plan information must be updated in a face-to-face visit and documented in the department's Medicaid Management Information System (MMIS). Notwithstanding retroactive medical assistance coverage of state plan services, the effective date of eligibility for programs included in paragraph (i) cannot be prior to the date the most recent updated assessment is completed.

Sec. 20. Minnesota Statutes 2012, section 256B.0911, subdivision 4d, is amended to read:

Subd. 4d. **Preadmission screening of individuals under ~~65~~ 60 years of age.** (a) It is the policy of the state of Minnesota to ensure that individuals with disabilities or chronic illness are served in the most integrated setting appropriate to their needs and have the necessary information to make informed choices about home and community-based service options.

(b) Individuals under ~~65~~ 60 years of age who are admitted to a Medicaid-certified nursing facility ~~from a hospital~~ must be screened prior to admission ~~as outlined in subdivisions 4a through 4c~~ according to the requirements outlined in section 256.975, subdivisions 7a to 7c. This shall be provided by the Disability Linkage Line as required under section 256.01, subdivision 24.

(c) Individuals under 65 years of age who are admitted to nursing facilities with only a telephone screening must receive a face-to-face assessment from the long-term care consultation team member of the county in which the facility is located or from the recipient's county case manager within 40 calendar days of admission.

~~(d) Individuals under 65 years of age who are admitted to a nursing facility without preadmission screening according to the exemption described in subdivision 4b, paragraph (a), clause (3), and who remain in the facility longer than 30 days must receive a face-to-face assessment within 40 days of admission.~~

~~(e)~~ (d) At the face-to-face assessment, the long-term care consultation team member or county case manager must perform the activities required under subdivision 3b.

~~(f)~~ (e) For individuals under 21 years of age, a screening interview which recommends nursing facility admission must be face-to-face and approved by the commissioner before the individual is admitted to the nursing facility.

~~(g)~~ (f) In the event that an individual under ~~65~~ 60 years of age is admitted to a nursing facility on an emergency basis, the ~~county~~ Disability Linkage Line must be notified of the admission on the next working day, and a face-to-face assessment as described in paragraph (c) must be conducted within 40 calendar days of admission.

~~(h)~~ (g) At the face-to-face assessment, the long-term care consultation team member or the case manager must present information about home and community-based options, including consumer-directed options, so the individual can make informed choices. If the individual chooses home and community-based services, the long-term care consultation team member or case manager must complete a written relocation plan within 20 working days of the visit. The plan shall describe the services needed to move out of the facility and a time line for the move which is designed to ensure a smooth transition to the individual's home and community.

~~(i)~~ (h) An individual under 65 years of age residing in a nursing facility shall receive a face-to-face assessment at least every 12 months to review the person's service choices and available alternatives unless the individual indicates, in writing, that annual visits are not desired. In this case, the individual must receive a face-to-face assessment at least once every 36 months for the same purposes.

~~(j)~~ (i) Notwithstanding the provisions of subdivision 6, the commissioner may pay county agencies directly for face-to-face assessments for individuals under 65 years of age who are being considered for placement or residing in a nursing facility.

(j) Funding for preadmission screening shall be provided to the Disability Linkage Line for the under 60 population by the Department of Human Services to cover screener salaries and expenses to provide the services described in subdivisions 7a to 7c. The Disability Linkage Line shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide preadmission screening and level of care determination services and shall seek to maximize federal funding for the service as provided under section 256.01, subdivision 2, paragraph (dd).

EFFECTIVE DATE. This section is effective October 1, 2013.

Sec. 21. Minnesota Statutes 2012, section 256B.0911, is amended by adding a subdivision to read:

Subd. 4e. **Determination of institutional level of care.** The determination of the need for nursing facility, hospital, and intermediate care facility levels of care must be made according to criteria developed by the commissioner, and in section 256B.092, using forms developed by the commissioner. Effective January 1, 2014, for individuals age 21 and older, the determination of need for nursing facility level of care shall be based on criteria in section 144.0724, subdivision 11. For individuals under age 21, the determination of the need for nursing facility level of care must be made according to criteria developed by the commissioner until criteria in section 144.0724, subdivision 11, becomes effective on or after October 1, 2019.

Sec. 22. Minnesota Statutes 2012, section 256B.0911, subdivision 7, is amended to read:

Subd. 7. **Reimbursement for certified nursing facilities.** (a) Medical assistance reimbursement for nursing facilities shall be authorized for a medical assistance recipient only if a preadmission screening has been conducted prior to admission or the county has authorized an exemption. Medical assistance reimbursement for nursing facilities shall not be provided for any recipient who the local screener has determined does not meet the level of care criteria for nursing facility placement in section 144.0724, subdivision 11, or, if indicated, has not had a level II OBRA evaluation as required under the federal Omnibus Budget Reconciliation Act of 1987 completed unless an admission for a recipient with mental illness is approved by the local mental health authority or an admission for a recipient with developmental disability is approved by the state developmental disability authority.

(b) The nursing facility must not bill a person who is not a medical assistance recipient for resident days that preceded the date of completion of screening activities as required under section 256.975, subdivisions ~~4a, 4b, and 4c~~ 7a to 7c. The nursing facility must include unreimbursed resident days in the nursing facility resident day totals reported to the commissioner.

Sec. 23. Minnesota Statutes 2012, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. **Eligibility for funding for services for nonmedical assistance recipients.** (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been determined by a community assessment under section 256B.0911 to be a person who would require the level of care provided in a nursing facility, as determined under section 256B.0911, subdivision ~~4a, paragraph (d)~~ 4e, but for the provision of services under the alternative care program;

(2) the person is age 65 or older;

(3) the person would be eligible for medical assistance within 135 days of admission to a nursing facility;

(4) the person is not ineligible for the payment of long-term care services by the medical assistance program due to an asset transfer penalty under section 256B.0595 or equity interest in the home exceeding $500,000 as stated in section 256B.056;

(5) the person needs long-term care services that are not funded through other state or federal funding, or other health insurance or other third-party insurance such as long-term care insurance;

(6) except for individuals described in clause (7), the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the monthly limit described under section 256B.0915, subdivision 3a. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased under this section exceed the difference between the client's monthly service limit defined under section 256B.0915, subdivision 3, and the alternative care program

monthly service limit defined in this paragraph. If care-related supplies and equipment or environmental modifications and adaptations are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of the alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit described in this paragraph;

(7) for individuals assigned a case mix classification A as described under section 256B.0915, subdivision 3a, paragraph (a), with (i) no dependencies in activities of daily living, or (ii) up to two dependencies in bathing, dressing, grooming, walking, and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911, the monthly cost of alternative care services funded by the program cannot exceed $593 per month for all new participants enrolled in the program on or after July 1, 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in section 256B.0915, subdivision 3a, paragraph (a). This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased exceed the difference between the client's monthly service limit defined in this clause and the limit described in clause (6) for case mix classification A; and

(8) the person is making timely payments of the assessed monthly fee.

A person is ineligible if payment of the fee is over 60 days past due, unless the person agrees to:

(i) the appointment of a representative payee;

(ii) automatic payment from a financial account;

(iii) the establishment of greater family involvement in the financial management of payments; or

(iv) another method acceptable to the lead agency to ensure prompt fee payments.

The lead agency may extend the client's eligibility as necessary while making arrangements to facilitate payment of past-due amounts and future premium payments. Following disenrollment due to nonpayment of a monthly fee, eligibility shall not be reinstated for a period of 30 days.

(b) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown or waiver obligation. A person whose initial application for medical assistance and the elderly waiver program is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, medical assistance must be billed for services payable under the federally approved elderly waiver plan and delivered from the date the individual was found eligible for the federally approved elderly waiver plan. Notwithstanding this provision, alternative care funds may not be used to pay for any service the cost of which: (i) is payable by medical assistance; (ii) is used by a recipient to meet a waiver obligation; or (iii) is used to pay a medical assistance income spenddown for a person who is eligible to participate in the federally approved elderly waiver program under the special income standard provision.

(c) Alternative care funding is not available for a person who resides in a licensed nursing home, certified boarding care home, hospital, or intermediate care facility, except for case management services which are provided in support of the discharge planning process for a nursing home resident or certified boarding care home resident to assist with a relocation process to a community-based setting.

(d) Alternative care funding is not available for a person whose income is greater than the maintenance needs allowance under section 256B.0915, subdivision 1d, but equal to or less than 120 percent of the federal poverty guideline effective July 1 in the fiscal year for which alternative care eligibility is determined, who would be eligible for the elderly waiver with a waiver obligation.

Sec. 24. Minnesota Statutes 2012, section 256B.0913, is amended by adding a subdivision to read:

Subd. 17. **Essential community supports grants.** (a) Notwithstanding subdivisions 1 to 14, the purpose of the essential community supports grant program is to provide targeted services to persons age 65 and older who need essential community support, but whose needs do not meet the level of care required for nursing facility placement under section 144.0724, subdivision 11.

(b) Essential community supports grants are available not to exceed $400 per person per month. Essential community supports service grants may be used as authorized within an authorization period not to exceed 12 months. Grants must be available to a person who:

(1) is age 65 or older;

(2) is not eligible for medical assistance;

(3) would otherwise be financially eligible for the alternative care program under subdivision 4;

(4) has received a community assessment under section 256B.0911, subdivision 3a or 3b, and does not require the level of care provided in a nursing facility;

(5) has a community support plan; and

(6) has been determined by a community assessment under section 256B.0911, subdivision 3a or 3b, to be a person who would require provision of at least one of the following services, as defined in the approved elderly waiver plan, in order to maintain their community residence:

(i) caregiver support;

(ii) homemaker support;

(iii) chores; or

(iv) a personal emergency response device or system.

(c) The person receiving any of the essential community supports in this subdivision must also receive service coordination, not to exceed $600 in a 12-month authorization period, as part of their community support plan.

(d) A person who has been determined to be eligible for an essential community supports grant must be reassessed at least annually and continue to meet the criteria in paragraph (b) to remain eligible for an essential community supports grant.

(e) The commissioner is authorized to use federal matching funds for essential community supports as necessary and to meet demand for essential community supports grants as outlined in paragraphs (f) and (g), and that amount of federal funds is appropriated to the commissioner for this purpose.

(f) Upon federal approval and following a reasonable implementation period determined by the commissioner, essential community supports are available to an individual who:

(1) is receiving nursing facility services or home and community-based long-term services and supports under section 256B.0915 or 256B.49 on the effective date of implementation of the revised nursing facility level of care under section 144.0724, subdivision 11;

(2) meets one of the following criteria:

(i) due to the implementation of the revised nursing facility level of care, loses eligibility for continuing medical assistance payment of nursing facility services at the first reassessment under section 144.0724, subdivision 11, paragraph (b), that occurs on or after the effective date of the revised nursing facility level of care criteria under section 144.0724, subdivision 11; or

(ii) due to the implementation of the revised nursing facility level of care, loses eligibility for continuing medical assistance payment of home and community-based long-term services and supports under section 256B.0915 or 256B.49 at the first reassessment required under those sections that occurs on or after the effective date of implementation of the revised nursing facility level of care under section 144.0724, subdivision 11;

(3) is not eligible for personal care attendant services; and

(4) has an assessed need for one or more of the supportive services offered under essential community supports.

Individuals eligible under this paragraph includes individuals who continue to be eligible for medical assistance state plan benefits and those who are not or are no longer financially eligible for medical assistance.

(g) Upon federal approval and following a reasonable implementation period determined by the commissioner, the services available through essential community supports include the services and grants provided in paragraphs (b) and (c), home-delivered meals, and community living assistance as defined by the commissioner. These services are available to all eligible recipients including those outlined in paragraphs (b) and (f). Recipients are eligible if they have a need for any of these services and meet all other eligibility criteria.

Sec. 25. Minnesota Statutes 2012, section 256B.0915, subdivision 3a, is amended to read:

Subd. 3a. **Elderly waiver cost limits.** (a) The monthly limit for the cost of waivered services to an individual elderly waiver client except for individuals described in ~~paragraph~~ paragraphs (b) and (d) shall be the weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the recipient's maintenance needs allowance as described in subdivision 1d, paragraph (a), until the first day of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on the first day of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented and the first day of each subsequent state fiscal year, the monthly limit for the cost of waivered services to an individual elderly waiver client shall be the rate of the case mix resident class to which the waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, in effect on the last day of the previous state fiscal year, adjusted by any legislatively adopted home and community-based services percentage rate adjustment.

(b) The monthly limit for the cost of waivered services to an individual elderly waiver client assigned to a case mix classification A under paragraph (a) with:

(1) no dependencies in activities of daily living; or

(2) up to two dependencies in bathing, dressing, grooming, walking, and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911

shall be $1,750 per month effective on July 1, 2011, for all new participants enrolled in the program on or after July 1, 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in paragraph (a).

(c) If extended medical supplies and equipment or environmental modifications are or will be purchased for an elderly waiver client, the costs may be prorated for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's waivered services exceeds the monthly limit established in paragraph (a) or (b), the annual cost of all waivered services shall be determined. In this event, the annual cost of all waivered services shall not exceed 12 times the monthly limit of waivered services as described in paragraph (a) or (b).

(d) Effective July 1, 2013, the monthly cost limit of waiver services, including any necessary home care services described in section 256B.0651, subdivision 2, for individuals who meet the criteria as ventilator-dependent given in section 256B.0651, subdivision 1, paragraph (g), shall be the average of the monthly medical assistance amount established for home care services as described in section 256B.0652, subdivision 7, and the annual average contracted amount established by the commissioner for nursing facility services for ventilator-dependent individuals. This monthly limit shall be increased annually as described in paragraph (a).

Sec. 26. Minnesota Statutes 2012, section 256B.0915, is amended by adding a subdivision to read:

Subd. 3j. **Individual community living support.** Upon federal approval, there is established a new service called individual community living support (ICLS) that is available on the elderly waiver. ICLS providers may not be the landlord of recipients, nor have any interest in the recipient's housing. ICLS must be delivered in a single-family home or apartment where the service recipient or their family owns or rents, as demonstrated by a lease agreement, and maintains control over the individual unit. Case managers or care coordinators must develop individual ICLS plans in consultation with the client using a tool developed by the commissioner. The commissioner shall establish payment rates and mechanisms to align payments with the type and amount of service provided, assure statewide uniformity for payment rates, and assure cost-effectiveness. Licensing standards for ICLS shall be reviewed jointly by the Departments of Health and Human Services to avoid conflict with provider regulatory standards pursuant to section 144A.43 and chapter 245D.

Sec. 27. Minnesota Statutes 2012, section 256B.0915, subdivision 5, is amended to read:

Subd. 5. **Assessments and reassessments for waiver clients.** (a) Each client shall receive an initial assessment of strengths, informal supports, and need for services in accordance with section 256B.0911, subdivisions 3, 3a, and 3b. A reassessment of a client served under the elderly waiver must be conducted at least every 12 months and at other times when the case manager determines that there has been significant change in the client's functioning. This may include instances where the client is discharged from the hospital. There must be a determination that the client requires nursing facility level of care as defined in section 256B.0911, subdivision ~~4a, paragraph (d)~~ 4e, at initial and subsequent assessments to initiate and maintain participation in the waiver program.

(b) Regardless of other assessments identified in section 144.0724, subdivision 4, as appropriate to determine nursing facility level of care for purposes of medical assistance payment for nursing facility services, only face-to-face assessments conducted according to section 256B.0911, subdivisions 3a and 3b, that result in a nursing facility level of care determination will be accepted for purposes of initial and ongoing access to waiver service payment.

Sec. 28. Minnesota Statutes 2012, section 256B.0917, is amended by adding a subdivision to read:

Subd. 1a. **Home and community-based services for older adults.** (a) The purpose of projects selected by the commissioner of human services under this section is to make strategic changes in the long-term services and supports system for older adults including statewide capacity for local service development and technical assistance, and statewide availability of home and community-based services for older adult services, caregiver support and respite care services, and other supports in the state of Minnesota. These projects are intended to create incentives for new and expanded home and community-based services in Minnesota in order to:

(1) reach older adults early in the progression of their need for long-term services and supports, providing them with low-cost, high-impact services that will prevent or delay the use of more costly services;

(2) support older adults to live in the most integrated, least restrictive community setting;

(3) support the informal caregivers of older adults;

(4) develop and implement strategies to integrate long-term services and supports with health care services, in order to improve the quality of care and enhance the quality of life of older adults and their informal caregivers;

(5) ensure cost-effective use of financial and human resources;

(6) build community-based approaches and community commitment to delivering long-term services and supports for older adults in their own homes;

(7) achieve a broad awareness and use of lower-cost in-home services as an alternative to nursing homes and other residential services;

(8) strengthen and develop additional home and community-based services and alternatives to nursing homes and other residential services; and

(9) strengthen programs that use volunteers.

(b) The services provided by these projects are available to older adults who are eligible for medical assistance and the elderly waiver under section 256B.0915, the alternative care program under section 256B.0913, or essential community supports grant under subdivision 14, paragraph (b), and to persons who have their own funds to pay for services.

Sec. 29. Minnesota Statutes 2012, section 256B.0917, is amended by adding a subdivision to read:

Subd. 1b. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Community" means a town; township; city; or targeted neighborhood within a city; or a consortium of towns, townships, cities, or specific neighborhoods within a city.

(c) "Core home and community-based services provider" means a Faith in Action, Living at Home Block Nurse, Congregational Nurse, or similar community-based program governed by a board, the majority of whose members reside within the program's service area, that organizes and uses volunteers and paid staff to deliver nonmedical services intended to assist older adults to identify and manage risks and to maintain their community living and integration in the community.

(d) "Eldercare development partnership" means a team of representatives of county social service and public health agencies, the area agency on aging, local nursing home providers, local home care providers, and other appropriate home and community-based providers in the area agency's planning and service area.

(e) "Long-term services and supports" means any service available under the elderly waiver program or alternative care grant programs; nursing facility services; transportation services; caregiver support and respite care services; and other home and community-based services identified as necessary either to maintain lifestyle choices for older adults or to support them to remain in their own home.

(f) "Older adult" refers to an individual who is 65 years of age or older.

Sec. 30. Minnesota Statutes 2012, section 256B.0917, is amended by adding a subdivision to read:

Subd. 1c. **Eldercare development partnerships.** The commissioner of human services shall select and contract with eldercare development partnerships sufficient to provide statewide availability of service development and technical assistance using a request for proposals process. Eldercare development partnerships shall:

(1) develop a local long-term services and supports strategy consistent with state goals and objectives;

(2) identify and use existing local skills, knowledge and relationships, and build on these assets;

(3) coordinate planning for funds to provide services to older adults, including funds received under Title III of the Older Americans Act, Title XX of the Social Security Act, and the Local Public Health Act;

(4) target service development and technical assistance where nursing facility closures have occurred or are occurring or in areas where service needs have been identified through activities under section 144A.351;

(5) provide sufficient staff for development and technical support in its designated area; and

(6) designate a single public or nonprofit member of the eldercare development partnerships to apply grant funding and manage the project.

Sec. 31. Minnesota Statutes 2012, section 256B.0917, subdivision 6, is amended to read:

Subd. 6. **Caregiver support and respite care projects.** (a) The commissioner shall establish ~~up to 36~~ projects to expand the ~~respite care network in the state and to support caregivers in their responsibilities for care. The purpose of each project shall be to~~ availability of caregiver support and respite care services for family and other caregivers. The commissioner shall use a request for proposals to select nonprofit entities to administer the projects. Projects shall:

(1) establish a local coordinated network of volunteer and paid respite workers;

(2) coordinate assignment of respite ~~workers~~ care services to ~~clients and care receivers and assure the health and safety of the client; and~~ caregivers of older adults;

~~(3) provide training for caregivers and ensure that support groups are available in the community.~~

(3) assure the health and safety of the older adults;

(4) identify at-risk caregivers;

(5) provide information, education, and training for caregivers in the designated community; and

(6) demonstrate the need in the proposed service area particularly where nursing facility closures have occurred or are occurring or areas with service needs identified by section 144A.351. Preference must be given for projects that reach underserved populations.

~~(b) The caregiver support and respite care funds shall be available to the four to six local long-term care strategy projects designated in subdivisions 1 to 5.~~

~~(c) The commissioner shall publish a notice in the State Register to solicit proposals from public or private nonprofit agencies for the projects not included in the four to six local long-term care strategy projects defined in subdivision 2. A county agency may, alone or in combination with other county agencies, apply for caregiver support and respite care project funds. A public or nonprofit agency within a designated SAIL project area may apply for project funds if the agency has a letter of agreement with the county or counties in which services will be developed, stating the intention of the county or counties to coordinate their activities with the agency requesting a grant.~~

~~(d) The commissioner shall select grantees based on the following criteria~~ (b) Projects must clearly describe:

~~(1) the ability of the proposal to demonstrate need in the area served, as evidenced by a community needs assessment or other demographic data;~~

~~(2) the ability of the proposal to clearly describe how the project~~ (1) how they will achieve ~~the~~ their purpose ~~defined in paragraph (b)~~;

~~(3) the ability of the proposal to reach underserved populations;~~

~~(4) the ability of the proposal to demonstrate community commitment to the project, as evidenced by letters of support and cooperation as well as formation of a community task force;~~

~~(5) the ability of the proposal to clearly describe~~ (2) the process for recruiting, training, and retraining volunteers; and

~~(6) the inclusion in the proposal of the~~ (3) their plan to promote the project in the designated community, including outreach to persons needing the services.

~~(e)~~ (c) Funds for all projects under this subdivision may be used to:

(1) hire a coordinator to develop a coordinated network of volunteer and paid respite care services and assign workers to clients;

(2) recruit and train volunteer providers;

(3) ~~train~~ provide information, training, and education to caregivers;

~~(4) ensure the development of support groups for caregivers;~~

~~(5)~~ (4) advertise the availability of the caregiver support and respite care project; and

~~(6)~~ (5) purchase equipment to maintain a system of assigning workers to clients.

~~(f)~~ (d) Project funds may not be used to supplant existing funding sources.

Sec. 32. Minnesota Statutes 2012, section 256B.0917, is amended by adding a subdivision to read:

Subd. 7a. **Core home and community-based services.** The commissioner shall select and contract with core home and community-based services providers for projects to provide services and supports to older adults both with and without family and other informal caregivers using a request for proposals process. Projects must:

(1) have a credible, public, or private nonprofit sponsor providing ongoing financial support;

(2) have a specific, clearly defined geographic service area;

(3) use a practice framework designed to identify high-risk older adults and help them take action to better manage their chronic conditions and maintain their community living;

(4) have a team approach to coordination and care, ensuring that the older adult participants, their families, and the formal and informal providers are all part of planning and providing services;

(5) provide information, support services, homemaking services, counseling, and training for the older adults and family caregivers;

(6) encourage service area or neighborhood residents and local organizations to collaborate in meeting the needs of older adults in their geographic service areas;

(7) recruit, train, and direct the use of volunteers to provide informal services and other appropriate support to older adults and their caregivers; and

(8) provide coordination and management of formal and informal services to older adults and their families using less expensive alternatives.

Sec. 33. Minnesota Statutes 2012, section 256B.0917, subdivision 13, is amended to read:

Subd. 13. **Community service grants.** The commissioner shall award contracts for grants to public and private nonprofit agencies to establish services that strengthen a community's ability to provide a system of home and community-based services for elderly persons. The commissioner shall use a request for proposal process. The commissioner shall give preference when awarding grants under this section to areas where nursing facility closures have occurred or are occurring or to areas with service needs identified under section 144A.351. ~~The commissioner shall consider grants for:~~

~~(1) caregiver support and respite care projects under subdivision 6;~~

~~(2) the living at home/block nurse grant under subdivisions 7 to 10; and~~

~~(3) services identified as needed for community transition.~~

Sec. 34. Minnesota Statutes 2012, section 256B.092, is amended by adding a subdivision to read:

Subd. 14. **Reduce avoidable behavioral crisis emergency room, psychiatric inpatient hospitalizations, and commitments to institutions.** (a) Persons receiving home and community-based services authorized under this section who have had two or more admissions within a calendar year to an emergency room, psychiatric unit, or institution must receive consultation from a mental health professional as defined in section 245.462, subdivision 18, or a behavioral professional as defined in the home and community-based services state plan within 30 days of discharge. The mental health professional or behavioral professional must:

(1) conduct a functional assessment of the crisis incident as defined in section 245D.02, subdivision 11, which led to the hospitalization with the goal of developing proactive strategies as well as necessary reactive strategies to reduce the likelihood of future avoidable hospitalizations due to a behavioral crisis;

(2) use the results of the functional assessment to amend the coordinated service and support plan set forth in section 245D.02, subdivision 4b, to address the potential need for additional staff training, increased staffing, access to crisis mobility services, mental health services, use of technology, and crisis stabilization services in section 256B.0624, subdivision 7; and

(3) identify the need for additional consultation, testing, and mental health crisis intervention team services as defined in section 245D.02, subdivision 20, psychotropic medication use and monitoring under section 245D.051, as well as the frequency and duration of ongoing consultation.

(b) For the purposes of this subdivision, "institution" includes, but is not limited to, the Anoka-Metro Regional Treatment Center and the Minnesota Security Hospital.

Sec. 35. Minnesota Statutes 2012, section 256B.439, subdivision 1, is amended to read:

Subdivision 1. **Development and implementation of quality profiles.** (a) The commissioner of human services, in cooperation with the commissioner of health, shall develop and implement ~~a~~ quality ~~profile system~~ profiles for nursing facilities and, beginning not later than July 1, ~~2004~~ 2014, other providers of long-term care services, except when the quality profile system would duplicate requirements under section 256B.5011, 256B.5012, or 256B.5013. The ~~system~~ quality profiles must be developed ~~and implemented to the extent possible without the collection of significant amounts of new data. To the extent possible, the system~~ using existing data sets maintained by the commissioners of health and human services to the extent possible. The profiles must incorporate or be coordinated with information on quality maintained by area agencies on aging, long-term care trade associations, the ombudsman offices, counties, tribes, health plans, and other entities and the long-term care database maintained under section 256.975, subdivision 7. The ~~system~~ profiles must be designed to provide information on quality to:

(1) consumers and their families to facilitate informed choices of service providers;

(2) providers to enable them to measure the results of their quality improvement efforts and compare quality achievements with other service providers; and

(3) public and private purchasers of long-term care services to enable them to purchase high-quality care.

(b) The ~~system~~ profiles must be developed in consultation with the long-term care task force, area agencies on aging, and representatives of consumers, providers, and labor unions. Within the limits of available appropriations, the commissioners may employ consultants to assist with this project.

Sec. 36. Minnesota Statutes 2012, section 256B.439, subdivision 2, is amended to read:

Subd. 2. **Quality measurement tools.** The commissioners shall identify and apply existing quality measurement tools to:

(1) emphasize quality of care and its relationship to quality of life; and

(2) address the needs of various users of long-term care services, including, but not limited to, short-stay residents, persons with behavioral problems, persons with dementia, and persons who are members of minority groups.

The tools must be identified and applied, to the extent possible, without requiring providers to supply information beyond ~~current~~ state and federal requirements.

Sec. 37. Minnesota Statutes 2012, section 256B.439, subdivision 3, is amended to read:

Subd. 3. **Consumer surveys of nursing facilities residents.** Following identification of the quality measurement tool, the commissioners shall conduct surveys of long-term care service consumers of nursing facilities to develop quality profiles of providers. To the extent possible, surveys must be conducted face-to-face by state employees or contractors. At the discretion of the commissioners, surveys may be conducted by telephone or by provider staff. Surveys must be conducted periodically to update quality profiles of individual ~~service~~ nursing facilities providers.

Sec. 38. Minnesota Statutes 2012, section 256B.439, is amended by adding a subdivision to read:

Subd. 3a. **Home and community-based services report card in cooperation with the commissioner of health.** The profiles developed for home and community-based services providers under this section shall be incorporated into a report card and maintained by the Minnesota Board on Aging pursuant to section 256.975, subdivision 7, paragraph (b), clause (2), as data becomes available. The commissioner, in cooperation with the commissioner of health, shall use consumer choice, quality of life, care approaches, and cost or flexible purchasing categories to organize the consumer information in the profiles. The final categories used shall include consumer input and survey data to the extent that is available through the state agencies. The commissioner shall develop and disseminate the qualify profiles for a limited number of provider types initially, and develop quality profiles for additional provider types as measurement tools are developed and data becomes available. This includes providers of services to older adults and people with disabilities, regardless of payor source.

Sec. 39. Minnesota Statutes 2012, section 256B.439, subdivision 4, is amended to read:

Subd. 4. **Dissemination of quality profiles.** By July 1, ~~2003~~ 2014, the commissioners shall implement a ~~system~~ public awareness effort to disseminate the quality profiles ~~developed from consumer surveys using the quality measurement tool~~. Profiles may be disseminated ~~to~~ through the Senior LinkAge Line and Disability Linkage Line and to consumers, providers, and purchasers of long-term care services ~~through all feasible printed and electronic outlets. The commissioners may conduct a public awareness campaign to inform potential users regarding profile contents and potential uses~~.

Sec. 40. Minnesota Statutes 2012, section 256B.49, subdivision 12, is amended to read:

Subd. 12. **Informed choice.** Persons who are determined likely to require the level of care provided in a nursing facility as determined under section 256B.0911, subdivision 4e, or a hospital shall be informed of the home and community-based support alternatives to the provision of inpatient hospital services or nursing facility services. Each person must be given the choice of either institutional or home and community-based services using the provisions described in section 256B.77, subdivision 2, paragraph (p).

Sec. 41. Minnesota Statutes 2012, section 256B.49, subdivision 14, is amended to read:

Subd. 14. **Assessment and reassessment.** (a) Assessments and reassessments shall be conducted by certified assessors according to section 256B.0911, subdivision 2b. With the permission of the recipient or the recipient's designated legal representative, the recipient's current provider of services may submit a written report outlining their recommendations regarding the recipient's care needs prepared by a direct service employee with at least 20 hours of service to that client. The person conducting the assessment or reassessment must notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment and the person or the person's legal representative and must be considered prior to the finalization of the assessment or reassessment.

(b) There must be a determination that the client requires a hospital level of care or a nursing facility level of care as defined in section 256B.0911, subdivision ~~4a, paragraph (d)~~ 4e, at initial and subsequent assessments to initiate and maintain participation in the waiver program.

(c) Regardless of other assessments identified in section 144.0724, subdivision 4, as appropriate to determine nursing facility level of care for purposes of medical assistance payment for nursing facility services, only face-to-face assessments conducted according to section 256B.0911, subdivisions 3a, 3b, and 4d, that result in a hospital level of care determination or a nursing facility level of care determination must be accepted for purposes of initial and ongoing access to waiver services payment.

(d) Recipients who are found eligible for home and community-based services under this section before their 65th birthday may remain eligible for these services after their 65th birthday if they continue to meet all other eligibility factors.

(e) The commissioner shall develop criteria to identify recipients whose level of functioning is reasonably expected to improve and reassess these recipients to establish a baseline assessment. Recipients who meet these criteria must have a comprehensive transitional service plan developed under subdivision 15, paragraphs (b) and (c), and be reassessed every six months until there has been no significant change in the recipient's functioning for at least 12 months. After there has been no significant change in the recipient's functioning for at least 12 months, reassessments of the recipient's strengths, informal support systems, and need for services shall be conducted at least every 12 months and at other times when there has been a significant change in the recipient's functioning. Counties, case managers, and service providers are responsible for conducting these reassessments and shall complete the reassessments out of existing funds.

Sec. 42. Minnesota Statutes 2012, section 256B.49, is amended by adding a subdivision to read:

Subd. 25. **Reduce avoidable behavioral crisis emergency room, psychiatric inpatient hospitalizations, and commitments to institutions.** (a) Persons receiving home and community-based services authorized under this section who have two or more admissions within a calendar year to an emergency room, psychiatric unit, or institution must receive consultation from a mental health professional as defined in section 245.462, subdivision 18, or a behavioral professional as defined in the home and community-based services state plan within 30 days of discharge. The mental health professional or behavioral professional must:

(1) conduct a functional assessment of the crisis incident as defined in section 245D.02, subdivision 11, which led to the hospitalization with the goal of developing proactive strategies as well as necessary reactive strategies to reduce the likelihood of future avoidable hospitalizations due to a behavioral crisis;

(2) use the results of the functional assessment to amend the coordinated service and support plan in section 245D.02, subdivision 4b, to address the potential need for additional staff training, increased staffing, access to crisis mobility services, mental health services, use of technology, and crisis stabilization services in section 256B.0624, subdivision 7; and

(3) identify the need for additional consultation, testing, mental health crisis intervention team services as defined in section 245D.02, subdivision 20, psychotropic medication use and monitoring under section 245D.051, as well as the frequency and duration of ongoing consultation.

(b) For the purposes of this subdivision, "institution" includes, but is not limited to, the Anoka-Metro Regional Treatment Center and the Minnesota Security Hospital.

Sec. 43. **[256B.85] COMMUNITY FIRST SERVICES AND SUPPORTS.**

Subdivision 1. **Basis and scope.** (a) Upon federal approval, the commissioner shall establish a medical assistance state plan option for the provision of home and community-based personal assistance service and supports called "community first services and supports (CFSS)."

(b) CFSS is a participant-controlled method of selecting and providing services and supports that allows the participant maximum control of the services and supports. Participants may choose the degree to which they direct and manage their supports by choosing to have a significant and meaningful role in the management of services and supports including by directly employing support workers with the necessary supports to perform that function.

(c) CFSS is available statewide to eligible individuals to assist with accomplishing activities of daily living (ADLs), instrumental activities of daily living (IADLs), and health-related procedures and tasks through hands-on assistance to complete the task or supervision and cueing to complete the task; and to assist with acquiring, maintaining, and enhancing the skills necessary to accomplish ADLs, IADLs, and health-related procedures and tasks. CFSS allows payment for certain supports and goods such as environmental modifications and technology that are intended to replace or decrease the need for human assistance.

(d) Upon federal approval, CFSS will replace the personal care assistance program under sections 256.476, 256B.0625, subdivisions 19a and 19c, and 256B.0659.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Activities of daily living" or "ADLs" means eating, toileting, grooming, dressing, bathing, mobility, positioning, and transferring.

(c) "Agency-provider model" means a method of CFSS under which a qualified agency provides services and supports through the agency's own employees and policies. The agency must allow the participant to have a significant role in the selection and dismissal of support workers of their choice for the delivery of their specific services and supports.

(d) "Behavior" means a category to determine the home care rating and is based on the criteria in section 256B.0659. "Level I behavior" means physical aggression towards self, others, or destruction of property that requires the immediate response of another person.

(e) "Complex health-related needs" means a category to determine the home care rating and is based on the criteria in section 256B.0659.

(f) "Community first services and supports" or "CFSS" means the assistance and supports program under this section needed for accomplishing activities of daily living, instrumental activities of daily living, and health-related tasks through hands-on assistance to complete the task or supervision and cueing to complete the task, or the purchase of goods as defined in subdivision 7, paragraph (a), clause (2), that replace the need for human assistance.

(g) "Community first services and supports service delivery plan" or "service delivery plan" means a written summary of the services and supports, that is based on the community support plan identified in section 256B.0911 and coordinated services and support plan and budget identified in section 256B.0915, subdivision 6, if applicable, that is determined by the participant to meet the assessed needs, using a person-centered planning process.

(h) "Critical activities of daily living" means transferring, mobility, eating, and toileting.

(i) "Dependency" in activities of daily living means a person requires assistance to begin and complete one or more of the activities of daily living.

(j) "Financial management services contractor or vendor" means a qualified organization having a written contract with the department to provide services necessary to use the flexible spending model under subdivision 13, that include but are not limited to: participant education and technical assistance; CFSS service delivery planning and budgeting; billing, making payments, and monitoring of spending; and assisting the participant in fulfilling employer-related requirements in accordance with Section 3504 of the IRS code and the IRS Revenue Procedure 70-6.

(k) "Flexible spending model" means a service delivery method of CFSS that uses an individualized CFSS service delivery plan and service budget and assistance from the financial management services contractor to facilitate participant employment of support workers and the acquisition of supports and goods.

(l) "Health-related procedures and tasks" means procedures and tasks related to the specific needs of an individual that can be delegated or assigned by a state-licensed healthcare or behavioral health professional and performed by a support worker.

(m) "Instrumental activities of daily living" means activities related to living independently in the community, including but not limited to: meal planning, preparation, and cooking; shopping for food, clothing, or other essential items; laundry; housecleaning; assistance with medications; managing money; communicating needs, preferences, and activities; arranging supports; and assistance with traveling around and participating in the community.

(n) "Legal representative" means parent of a minor, a court-appointed guardian, or another representative with legal authority to make decisions about services and supports for the participant. Other representatives with legal authority to make decisions include but are not limited to a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

(o) "Medication assistance" means providing verbal or visual reminders to take regularly scheduled medication and includes any of the following supports:

(1) under the direction of the participant or the participant's representative, bringing medications to the participant including medications given through a nebulizer, opening a container of previously set up medications, emptying the container into the participant's hand, opening and giving the medication in the original container to the participant, or bringing to the participant liquids or food to accompany the medication;

(2) organizing medications as directed by the participant or the participant's representative; and

(3) providing verbal or visual reminders to perform regularly scheduled medications.

(p) "Participant's representative" means a parent, family member, advocate, or other adult authorized by the participant to serve as a representative in connection with the provision of CFSS. This authorization must be in writing or by another method that clearly indicates the participant's free choice. The participant's representative must have no financial interest in the provision of any services included in the participant's service delivery plan and must be capable of providing the support necessary to assist the participant in the use of CFSS. If through the assessment process described in subdivision 5 a participant is determined to be in need of a participant's representative, one must be selected. If the participant is unable to assist in the selection of a participant's representative, the legal representative shall appoint one. Two persons may be designated as a participant's representative for reasons such as divided households and court-ordered custodies. Duties of a participant's representatives may include:

(1) being available while care is provided in a method agreed upon by the participant or the participant's legal representative and documented in the participant's CFSS service delivery plan;

(2) monitoring CFSS services to ensure the participant's CFSS service delivery plan is being followed; and

(3) reviewing and signing CFSS time sheets after services are provided to provide verification of the CFSS services.

(q) "Person-centered planning process" means a process that is driven by the participant for discovering and planning services and supports that ensures the participant makes informed choices and decisions. The person-centered planning process must:

(1) include people chosen by the participant;

(2) provide necessary information and support to ensure that the participant directs the process to the maximum extent possible, and is enabled to make informed choices and decisions;

(3) be timely and occur at time and locations of convenience to the participant;

(4) reflect cultural considerations of the participant;

(5) include strategies for solving conflict or disagreement within the process, including clear conflict-of-interest guidelines for all planning;

(6) offers choices to the participant regarding the services and supports they receive and from whom;

(7) include a method for the participant to request updates to the plan; and

(8) record the alternative home and community-based settings that were considered by the participant.

(r) "Shared services" means the provision of CFSS services by the same CFSS support worker to two or three participants who voluntarily enter into an agreement to receive services at the same time and in the same setting by the same provider.

(s) "Support specialist" means a professional with the skills and ability to assist the participant using either the agency provider model under subdivision 11 or the flexible spending model under subdivision 13, in services including, but not limited to assistance regarding:

(1) the development, implementation, and evaluation of the CFSS service delivery plan under subdivision 6;

(2) recruitment, training, or supervision, including supervision of health-related tasks or behavioral supports appropriately delegated by a health care professional, and evaluation of support workers; and

(3) facilitating the use of informal and community supports, goods, or resources.

(t) "Support worker" means an employee of the agency provider or of the participant who has direct contact with the participant and provides services as specified within the participant's service delivery plan.

(u) "Wages and benefits" means the hourly wages and salaries, the employer's share of FICA taxes, Medicare taxes, state and federal unemployment taxes, workers' compensation, mileage reimbursement, health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, contributions to employee retirement accounts, or other forms of employee compensation and benefits.

Subd. 3. **Eligibility.** (a) CFSS is available to a person who meets one of the following:

(1) is a recipient of medical assistance as determined under section 256B.055, 256B.056, or 256B.057, subdivisions 5 and 9;

(2) is a recipient of the alternative care program under section 256B.0913;

(3) is a waiver recipient as defined under section 256B.0915, 256B.092, 256B.093, or 256B.49; or

(4) has medical services identified in a participant's individualized education program and is eligible for services as determined in section 256B.0625, subdivision 26.

(b) In addition to meeting the eligibility criteria in paragraph (a), a person must also meet all of the following:

(1) require assistance and be determined dependent in one activity of daily living or Level I behavior based on assessment under section 256B.0911;

(2) is not a recipient under the family support grant under section 252.32;

(3) lives in the person's own apartment or home including a family foster care setting licensed under chapter 245A, but not in corporate foster care under chapter 245A; or a noncertified boarding care or boarding and lodging establishments under chapter 157; unless transitioning into the community from an institution; and

(4) has not been excluded or disenrolled from the flexible spending model.

(c) The commissioner shall disenroll or exclude participants from the flexible spending model and transfer them to the agency-provider model under the following circumstances that include but are not limited to:

(1) when a participant has been restricted by the Minnesota restricted recipient program, the participant may be excluded for a specified time period;

(2) when a participant exits the flexible spending service delivery model during the participant's service plan year. Upon transfer, the participant shall not access the flexible spending model for the remainder of that service plan year; or

(3) when the department determines that the participant or participant's representative or legal representative cannot manage participant responsibilities under the service delivery model. The commissioner must develop policies for determining if a participant is unable to manage responsibilities under a service model.

(d) A participant may appeal in writing to the department to contest the department's decision under paragraph (c), clause (3), to remove or exclude the participant from the flexible spending model.

Subd. 4. **Eligibility for other services.** Selection of CFSS by a participant must not restrict access to other medically necessary care and services furnished under the state plan medical assistance benefit or other services available through alternative care.

Subd. 5. **Assessment requirements.** (a) The assessment of functional need must:

(1) be conducted by a certified assessor according to the criteria established in section 256B.0911;

(2) be conducted face-to-face, initially and at least annually thereafter, or when there is a significant change in the participant's condition or a change in the need for services and supports; and

(3) be completed using the format established by the commissioner.

(b) A participant who is residing in a facility may be assessed and choose CFSS for the purpose of using CFSS to return to the community as described in subdivisions 3 and 7, paragraph (a), clause (5).

(c) The results of the assessment and any recommendations and authorizations for CFSS must be determined and communicated in writing by the lead agency's certified assessor as defined in section 256B.0911 to the participant and the agency-provider or financial management services provider chosen by the participant within 40 calendar days and must include the participant's right to appeal under section 256.045.

Subd. 6. **Community first services and support service delivery plan.** (a) The CFSS service delivery plan must be developed, implemented, and evaluated through a person-centered planning process by the participant, or the participant's representative or legal representative who may be assisted by a support specialist. The CFSS service delivery plan must reflect the services and supports that are important to the participant and for the participant to meet the needs assessed by the certified assessor and identified in the community support plan under section 256B.0911 or the coordinated services and support plan identified in section 256B.0915, subdivision 6, if applicable. The CFSS service delivery plan must be reviewed by the participant and the agency-provider or financial management services contractor at least annually upon reassessment, or when there is a significant change in the participant's condition, or a change in the need for services and supports.

(b) The commissioner shall establish the format and criteria for the CFSS service delivery plan.

(c) The CFSS service delivery plan must be person-centered and:

(1) specify the agency-provider or financial management services contractor selected by the participant;

(2) reflect the setting in which the participant resides that is chosen by the participant;

(3) reflect the participant's strengths and preferences;

(4) include the means to address the clinical and support needs as identified through an assessment of functional needs;

(5) include individually identified goals and desired outcomes;

(6) reflect the services and supports, paid and unpaid, that will assist the participant to achieve identified goals, and the providers of those services and supports, including natural supports;

(7) identify the amount and frequency of face-to-face supports and amount and frequency of remote supports and technology that will be used;

(8) identify risk factors and measures in place to minimize them, including individualized backup plans;

(9) be understandable to the participant and the individuals providing support;

(10) identify the individual or entity responsible for monitoring the plan;

(11) be finalized and agreed to in writing by the participant and signed by all individuals and providers responsible for its implementation;

(12) be distributed to the participant and other people involved in the plan; and

(13) prevent the provision of unnecessary or inappropriate care.

(d) The total units of agency-provider services or the budget allocation amount for the flexible spending model include both annual totals and a monthly average amount that cover the number of months of the service authorization. The amount used each month may vary, but additional funds must not be provided above the annual service authorization amount unless a change in condition is assessed and authorized by the certified assessor and documented in the community support plan, coordinated services and supports plan, and service delivery plan.

Subd. 7. **Community first services and supports; covered services.** Services and supports covered under CFSS include:

(1) assistance to accomplish activities of daily living (ADLs), instrumental activities of daily living (IADLs), and health-related procedures and tasks through hands-on assistance to complete the task or supervision and cueing to complete the task;

(2) assistance to acquire, maintain, or enhance the skills necessary for the participant to accomplish activities of daily living, instrumental activities of daily living, or health-related tasks;

(3) expenditures for items, services, supports, environmental modifications, or goods, including assistive technology. These expenditures must:

(i) relate to a need identified in a participant's CFSS service delivery plan;

(ii) increase independence or substitute for human assistance to the extent that expenditures would otherwise be made for human assistance for the participant's assessed needs; and

(iii) fit within the annual limit of the participant's approved service allocation or budget;

(4) observation and redirection for episodes where there is a need for redirection due to participant behaviors or intervention needed due to a participant's symptoms. An assessment of behaviors must meet the criteria in this clause. A recipient qualifies as having a need for assistance due to behaviors if the recipient's behavior requires assistance at least four times per week and shows one or more of the following behaviors:

(i) physical aggression towards self or others, or destruction of property that requires the immediate response of another person;

(ii) increased vulnerability due to cognitive deficits or socially inappropriate behavior; or

(iii) increased need for assistance for recipients who are verbally aggressive or resistive to care so that time needed to perform activities of daily living is increased;

(5) back-up systems or mechanisms, such as the use of pagers or other electronic devices, to ensure continuity of the participant's services and supports;

(6) transition costs, including:

(i) deposits for rent and utilities;

(ii) first month's rent and utilities;

(iii) bedding;

(iv) basic kitchen supplies;

(v) other necessities, to the extent that these necessities are not otherwise covered under any other funding that the participant is eligible to receive; and

(vi) other required necessities for an individual to make the transition from a nursing facility, institution for mental diseases, or intermediate care facility for persons with developmental disabilities to a community-based home setting where the participant resides; and

(7) services by a support specialist defined under subdivision 2 that are chosen by the participant.

Subd. 8. **Determination of CFSS service methodology.** (a) All community first services and supports must be authorized by the commissioner or the commissioner's designee before services begin except for the assessments established in section 256B.0911. The authorization for CFSS must be completed within 30 days after receiving a complete request.

(b) The amount of CFSS authorized must be based on the recipient's home care rating. The home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner identifying the following for a recipient:

(1) the total number of dependencies of activities of daily living as defined in subdivision 2;

(2) the presence of complex health-related needs as defined in subdivision 2; and

(3) the presence of Level I behavior as defined in subdivision 2.

(c) For purposes meeting the criteria in paragraph (b), the methodology to determine the total minutes for CFSS for each home care rating is based on the median paid units per day for each home care rating from fiscal year 2007 data for the PCA program. Each home care rating has a base number of minutes assigned. Additional minutes are added through the assessment and identification of the following:

(1) 30 additional minutes per day for a dependency in each critical activity of daily living as defined in subdivision 2;

(2) 30 additional minutes per day for each complex health-related function as defined in subdivision 2; and

(3) 30 additional minutes per day for each behavior issue as defined in subdivision 2.

Subd. 9. **Noncovered services.** (a) Services or supports that are not eligible for payment under this section include those that:

(1) are not authorized by the certified assessor or included in the written service delivery plan;

(2) are provided prior to the authorization of services and the approval of the written CFSS service delivery plan;

(3) are duplicative of other paid services in the written service delivery plan;

(4) supplant natural unpaid supports that are provided voluntarily to the participant and are selected by the participant in lieu of a support worker and appropriately meeting the participant's needs;

(5) are not effective means to meet the participant's needs; and

(6) are available through other funding sources, including, but not limited to, funding through Title IV-E of the Social Security Act.

(b) Additional services, goods, or supports that are not covered include:

(1) those that are not for the direct benefit of the participant;

(2) any fees incurred by the participant, such as Minnesota health care programs fees and co-pays, legal fees, or costs related to advocate agencies;

(3) insurance, except for insurance costs related to employee coverage;

(4) room and board costs for the participant with the exception of allowable transition costs in subdivision 7, clause (6);

(5) services, supports, or goods that are not related to the assessed needs;

(6) special education and related services provided under the Individuals with Disabilities Education Act and vocational rehabilitation services provided under the Rehabilitation Act of 1973;

(7) assistive technology devices and assistive technology services other than those for back-up systems or mechanisms to ensure continuity of service and supports listed in subdivision 7;

(8) medical supplies and equipment;

(9) environmental modifications, except as specified in subdivision 7;

(10) expenses for travel, lodging, or meals related to training the participant, the participant's representative, legal representative, or paid or unpaid caregivers that exceed $500 in a 12-month period;

(11) experimental treatments;

(12) any service or good covered by other medical assistance state plan services, including prescription and over-the-counter medications, compounds, and solutions and related fees, including premiums and co-payments;

(13) membership dues or costs, except when the service is necessary and appropriate to treat a physical condition or to improve or maintain the participant's physical condition. The condition must be identified in the participant's CFSS plan and monitored by a physician enrolled in a Minnesota health care program;

(14) vacation expenses other than the cost of direct services;

(15) vehicle maintenance or modifications not related to the disability, health condition, or physical need; and

(16) tickets and related costs to attend sporting or other recreational or entertainment events.

Subd. 10. **Provider qualifications and general requirements.** (a) Agency-providers delivering services under the agency-provider model under subdivision 11 or financial management service (FMS) contractors under subdivision 13 shall:

(1) enroll as a medical assistance Minnesota health care programs provider and meet all applicable provider standards;

(2) comply with medical assistance provider enrollment requirements;

(3) demonstrate compliance with law and policies of CFSS as determined by the commissioner;

(4) comply with background study requirements under chapter 245C;

(5) verify and maintain records of all services and expenditures by the participant, including hours worked by support workers and support specialists;

(6) not engage in any agency-initiated direct contact or marketing in person, by telephone, or other electronic means to potential participants, guardians, family member or participants' representatives;

(7) pay support workers and support specialists based upon actual hours of services provided;

(8) withhold and pay all applicable federal and state payroll taxes;

(9) make arrangements and pay unemployment insurance, taxes, workers' compensation, liability insurance, and other benefits, if any;

(10) enter into a written agreement with the participant, participant's representative, or legal representative that assigns roles and responsibilities to be performed before services, supports, or goods are provided using a format established by the commissioner;

(11) report suspected neglect and abuse to the common entry point according to sections 256B.0651 and 626.557; and

(12) provide the participant with a copy of the service-related rights under subdivision 19 at the start of services and supports.

(b) The commissioner shall develop policies and procedures designed to ensure program integrity and fiscal accountability for goods and services provided in this section.

Subd. 11. **Agency-provider model.** (a) The agency-provider model is limited to the services provided by support workers and support specialists who are employed by an agency-provider that is licensed according to chapter 245A or meets other criteria established by the commissioner, including required training.

(b) The agency-provider shall allow the participant to retain the ability to have a significant role in the selection and dismissal of the support workers for the delivery of the services and supports specified in the service delivery plan.

(c) A participant may use authorized units of CFSS services as needed within a service authorization that is not greater than 12 months. Using authorized units agency-provider services or the budget allocation amount for the flexible spending model flexibly does not increase the total amount of services and supports authorized for a participant or included in the participant's service delivery plan.

(d) A participant may share CFSS services. Two or three CFSS participants may share services at the same time provided by the same support worker.

(e) The agency-provider must use a minimum of 72.5 percent of the revenue generated by the medical assistance payment for CFSS for support worker wages and benefits. The agency-provider must document how this requirement is being met. The revenue generated by the support specialist and the reasonable costs associated with the support specialist must not be used in making this calculation.

(f) The agency-provider model must be used by individuals who have been restricted by the Minnesota restricted recipient program.

Subd. 12. **Requirements for initial enrollment of CFSS provider agencies.** (a) All CFSS provider agencies must provide, at the time of enrollment as a CFSS provider agency in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) the CFSS provider agency's current contact information including address, telephone number, and e-mail address;

(2) proof of surety bond coverage in the amount of $50,000 or ten percent of the provider's payments from Medicaid in the previous year, whichever is less;

(3) proof of fidelity bond coverage in the amount of $20,000;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a description of the CFSS provider agency's organization identifying the names or all owners, managing employees, staff, board of directors, and the affiliations of the directors, owners, or staff to other service providers;

(7) a copy of the CFSS provider agency's written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety including process for notification and resolution of consumer grievances, identification and prevention of communicable diseases, and employee misconduct;

(8) copies of all other forms the CFSS provider agency uses in the course of daily business including, but not limited to:

(i) a copy of the CFSS provider agency's time sheet if the time sheet varies from the standard time sheet for CFSS services approved by the commissioner, and a letter requesting approval of the CFSS provider agency's nonstandard time sheet;

(ii) the CFSS provider agency's template for the CFSS care plan; and

(iii) the CFSS provider agency's template for the written agreement in subdivision 21 for recipients using the CFSS choice option, if applicable;

(9) a list of all training and classes that the CFSS provider agency requires of its staff providing CFSS services;

(10) documentation that the CFSS provider agency and staff have successfully completed all the training required by this section;

(11) documentation of the agency's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that is used or could be used for providing home care services;

(13) documentation that the agency will use the following percentages of revenue generated from the medical assistance rate paid for CFSS services for employee personal care assistant wages and benefits: 72.5 percent of revenue from CFSS providers. The revenue generated by the support specialist and the reasonable costs associated with the support specialist shall not be used in making this calculation; and

(14) documentation that the agency does not burden recipients' free exercise of their right to choose service providers by requiring personal care assistants to sign an agreement not to work with any particular CFSS recipient or for another CFSS provider agency after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) CFSS provider agencies shall provide the information specified in paragraph (a) to the commissioner.

(c) All CFSS provider agencies shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a CFSS provider agency do not need to repeat the required training if they are hired by another agency, if they have completed the training within the past three years. CFSS provider agency billing staff shall complete training about CFSS program financial management. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency. CFSS provider agencies certified for participation in Medicare as home health agencies are exempt from the training required in this subdivision.

Subd. 13. **Flexible spending model.** (a) Under the flexible spending model participants can exercise more responsibility and control over the services and supports described and budgeted within the CFSS service delivery plan. Under this model:

(1) participants directly employ support workers;

(2) participants may use a budget allocation to obtain supports and goods as defined in subdivision 7; and

(3) from the financial management services (FMS) contractor the participant may choose a range of support assistance services relating to:

(i) planning, budgeting, and management of services and support;

(ii) the participant's employment, training, supervision, and evaluation of workers;

(iii) acquisition and payment for supports and goods; and

(iv) evaluation of individual service outcomes as needed for the scope of the participant's degree of control and responsibility.

(b) Participants who are unable to fulfill any of the functions listed in paragraph (a) may authorize a legal representative or participant's representative to do so on their behalf.

(c) The FMS contractor shall not provide CFSS services and supports under the agency-provider service model. The FMS contractor shall provide service functions as determined by the commissioner that include but are not limited to:

(1) information and consultation about CFSS;

(2) assistance with the development of the service delivery plan and flexible spending model as requested by the participant;

(3) billing and making payments for flexible spending model expenditures;

(4) assisting participants in fulfilling employer-related requirements according to Internal Revenue Code Procedure 70-6, section 3504, Agency Employer Tax Liability, regulation 137036-08, which includes assistance with filing and paying payroll taxes, and obtaining worker compensation coverage;

(5) data recording and reporting of participant spending; and

(6) other duties established in the contract with the department.

(d) A participant who requests to purchase goods and supports along with support worker services under the agency-provider model must use flexible spending model with a service delivery plan that specifies the amount of services to be authorized to the agency-provider and the expenditures to be paid by the FMS contractor.

(e) The FMS contractor shall:

(1) not limit or restrict the participant's choice of service or support providers or service delivery models as authorized by the commissioner;

(2) provide the participant and the targeted case manager, if applicable, with a monthly written summary of the spending for services and supports that were billed against the spending budget;

(3) be knowledgeable of state and federal employment regulations under the Fair Labor Standards Act of 1938, and comply with the requirements under the Internal Revenue Service Revenue Code Procedure 70-6, Section 35-4, Agency Employer Tax Liability for vendor or fiscal employer agent, and any requirements necessary to process employer and employee deductions, provide appropriate and timely submission of employer tax liabilities, and maintain documentation to support medical assistance claims;

(4) have current and adequate liability insurance and bonding and sufficient cash flow as determined by the commission and have on staff or under contract a certified public accountant or an individual with a baccalaureate degree in accounting;

(5) assume fiscal accountability for state funds designated for the program; and

(6) maintain documentation of receipts, invoices, and bills to track all services and supports expenditures for any goods purchased and maintain time records of support workers. The documentation and time records must be maintained for a minimum of five years from the claim date and be available for audit or review upon request by the commissioner. Claims submitted by the FMS contractor to the commissioner for payment must correspond with services, amounts, and time periods as authorized in the participant's spending budget and service plan.

(f) The commissioner of human services shall:

(1) establish rates and payment methodology for the FMS contractor;

(2) identify a process to ensure quality and performance standards for the FMS contractor and ensure statewide access to FMS contractors; and

(3) establish a uniform protocol for delivering and administering CFSS services to be used by eligible FMS contractors.

(g) Participants who are disenrolled from the model shall be transferred to the agency-provider model.

Subd. 14. **Participant's responsibilities under flexible spending model.** (a) A participant using the flexible spending model must use a FMS contractor or vendor that is under contract with the department. Upon a determination of eligibility and completion of the assessment and community support plan, the participant shall choose a FMS contractor from a list of eligible vendors maintained by the department.

(b) When the participant, participant's representative, or legal representative chooses to be the employer of the support worker, they are responsible for recruiting, interviewing, hiring, training, scheduling, supervising, and discharging direct support workers.

(c) In addition to the employer responsibilities in paragraph (b), the participant, participant's representative, or legal representative is responsible for:

(1) tracking the services provided and all expenditures for goods or other supports;

(2) preparing and submitting time sheets, signed by both the participant and support worker, to the FMS contractor on a regular basis and in a timely manner according to the FMS contractor's procedures;

(3) notifying the FMS contractor within ten days of any changes in circumstances affecting the CFSS service plan or in the participant's place of residence including, but not limited to, any hospitalization of the participant or change in the participant's address, telephone number, or employment;

(4) notifying the FMS contractor of any changes in the employment status of each participant support worker; and

(5) reporting any problems resulting from the quality of services rendered by the support worker to the FMS contractor. If the participant is unable to resolve any problems resulting from the quality of service rendered by the support worker with the assistance of the FMS contractor, the participant shall report the situation to the department.

Subd. 15. **Documentation of support services provided.** (a) Support services provided to a participant by a support worker employed by either an agency-provider or the participant acting as the employer must be documented daily by each support worker, on a time sheet form approved by the commissioner. All documentation may be Web-based, electronic, or paper documentation. The completed form must be submitted on a monthly basis to the provider or the participant and the FMS contractor selected by the participant to provide assistance with meeting the participant's employer obligations and kept in the recipient's health record.

(b) The activity documentation must correspond to the written service delivery plan and be reviewed by the agency provider or the participant and the FMS contractor when the participant is acting as the employer of the support worker.

(c) The time sheet must be on a form approved by the commissioner documenting time the support worker provides services in the home. The following criteria must be included in the time sheet:

(1) full name of the support worker and individual provider number;

(2) provider name and telephone numbers, if an agency-provider is responsible for delivery services under the written service plan;

(3) full name of the participant;

(4) consecutive dates, including month, day, and year, and arrival and departure times with a.m. or p.m. notations;

(5) signatures of the participant or the participant's representative;

(6) personal signature of the support worker;

(7) any shared care provided, if applicable;

(8) a statement that it is a federal crime to provide false information on CFSS billings for medical assistance payments; and

(9) dates and location of recipient stays in a hospital, care facility, or incarceration.

Subd. 16. **Support workers requirements.** (a) Support workers shall:

(1) enroll with the department as a support worker after a background study under chapter 245C has been completed and the support worker has received a notice from the commissioner that:

(i) the support worker is not disqualified under section 245C.14; or

(ii) is disqualified, but the support worker has received a set-aside of the disqualification under section 245C.22;

(2) have the ability to effectively communicate with the participant or the participant's representative;

(3) have the skills and ability to provide the services and supports according to the person's CFSS service delivery plan and respond appropriately to the participant's needs;

(4) not be a participant of CFSS;

(5) complete the basic standardized training as determined by the commissioner before completing enrollment. The training must be available in languages other than English and to those who need accommodations due to disabilities. Support worker training must include successful completion of the following training components: basic first aid, vulnerable adult, child maltreatment, OSHA universal precautions, basic roles and responsibilities of support workers including information about basic body mechanics, emergency preparedness, orientation to positive behavioral practices, orientation to responding to a mental health crisis, fraud issues, time cards and documentation, and an overview of person-centered planning and self-direction. Upon completion of the training components, the support worker must pass the certification test to provide assistance to participants;

(6) complete training and orientation on the participant's individual needs; and

(7) maintain the privacy and confidentiality of the participant, and not independently determine the medication dose or time for medications for the participant.

(b) The commissioner may deny or terminate a support worker's provider enrollment and provider number if the support worker:

(1) lacks the skills, knowledge, or ability to adequately or safely perform the required work;

(2) fails to provide the authorized services required by the participant employer;

(3) has been intoxicated by alcohol or drugs while providing authorized services to the participant or while in the participant's home;

(4) has manufactured or distributed drugs while providing authorized services to the participant or while in the participant's home; or

(5) has been excluded as a provider by the commissioner of human services, or the United States Department of Health and Human Services, Office of Inspector General, from participation in Medicaid, Medicare, or any other federal health care program.

(c) A support worker may appeal in writing to the commissioner to contest the decision to terminate the support worker's provider enrollment and provider number.

Subd. 17. **Support specialist requirements and payments.** The commissioner shall develop qualifications, scope of functions, and payment rates and service limits for a support specialist that may provide additional or specialized assistance necessary to plan, implement, arrange, augment, or evaluate services and supports.

Subd. 18. **Service unit and budget allocation requirements.** (a) For the agency-provider model, services will be authorized in units of service. The total service unit amount must be established based upon the assessed need for CFSS services, and must not exceed the maximum number of units available as determined by section 256B.0652, subdivision 6. The unit rate established by the commissioner is used with assessed units to determine the maximum available CFSS allocation.

(b) For the flexible spending model, services and supports are authorized under a budget limit.

(c) The maximum available CFSS participant budget allocation shall be established by multiplying the number of units authorized under subdivision 8 by the payment rate established by the commissioner.

Subd. 19. **Support system.** (a) The commissioner shall provide information, consultation, training, and assistance to ensure the participant is able to manage the services and supports and budgets, if applicable. This support shall include individual consultation on how to select and employ workers, manage responsibilities under CFSS, and evaluate personal outcomes.

(b) The commissioner shall provide assistance with the development of risk management agreements.

Subd. 20. **Service-related rights.** Participants must be provided with adequate information, counseling, training, and assistance, as needed, to ensure that the participant is able to choose and manage services, models, and budgets. This support shall include information regarding: (1) person-centered planning; (2) the range and scope of individual choices; (3) the process for changing plans, services and budgets; (4) the grievance process; (5) individual rights; (6) identifying and assessing appropriate services; (7) risks and responsibilities; and (8) risk management. A participant who appeals a reduction in previously authorized CFSS services may continue previously authorized services pending an appeal under section 256.045. The commissioner must ensure that the participant has a copy of the most recent service delivery plan that contains a detailed explanation of which areas of covered CFSS are reduced, and provide notice of the amount of the budget reduction, and the reasons for the reduction in the participant's notice of denial, termination, or reduction.

Subd. 21. **Development and Implementation Council.** The commissioner shall establish a Development and Implementation Council of which the majority of members are individuals with disabilities, elderly individuals, and their representatives. The commissioner shall consult and collaborate with the council when developing and implementing this section.

Subd. 22. **Quality assurance and risk management system.** (a) The commissioner shall establish quality assurance and risk management measures for use in developing and implementing CFSS including those that (1) recognize the roles and responsibilities of those involved in obtaining CFSS, and (2) ensure the appropriateness of such plans and budgets based upon a recipient's resources and capabilities. Risk management measures must include background studies, and backup and emergency plans, including disaster planning.

(b) The commissioner shall provide ongoing technical assistance and resource and educational materials for CFSS participants.

(c) Performance assessment measures, such as a participant's satisfaction with the services and supports, and ongoing monitoring of health and well-being shall be identified in consultation with the council established in subdivision 21.

Subd. 23. **Commissioner's access.** When the commissioner is investigating a possible overpayment of Medicaid funds, the commissioner must be given immediate access without prior notice to the agency provider or FMS contractor's office during regular business hours and to documentation and records related to services provided and submission of claims for services provided. Denying the commissioner access to records is cause for immediate suspension of payment and terminating the agency provider's enrollment according to section 256B.064 or terminating the FMS contract.

Subd. 24. **CFSS agency-providers; background studies.** CFSS agency-providers enrolled to provide personal care assistance services under the medical assistance program shall comply with the following:

(1) owners who have a five percent interest or more and all managing employees are subject to a background study as provided in chapter 245C. This applies to currently enrolled CFSS agency-providers and those agencies seeking enrollment as a CFSS agency-provider. "Managing employee" has the same meaning as Code of Federal Regulations, title 42, section 455. An organization is barred from enrollment if:

(i) the organization has not initiated background studies on owners managing employees; or

(ii) the organization has initiated background studies on owners and managing employees, but the commissioner has sent the organization a notice that an owner or managing employee of the organization has been disqualified under section 245C.14, and the owner or managing employee has not received a set-aside of the disqualification under section 245C.22;

(2) a background study must be initiated and completed for all support specialists; and

(3) a background study must be initiated and completed for all support workers.

EFFECTIVE DATE. This section is effective upon federal approval. The commissioner of human services shall notify the revisor of statutes when this occurs.

Sec. 44. Minnesota Statutes 2012, section 256I.05, is amended by adding a subdivision to read:

Subd. 1o. **Supplementary service rate; exemptions.** A county agency shall not negotiate a supplementary service rate under this section for any individual that has been determined to be eligible for Housing Stability Services as approved by the Centers for Medicare and Medicaid Services, and who resides in an establishment voluntarily registered under section 144D.025, as a supportive housing establishment or participates in the Minnesota supportive housing demonstration program under section 256I.04, subdivision 3, paragraph (a), clause (4).

Sec. 45. Minnesota Statutes 2012, section 626.557, subdivision 4, is amended to read:

Subd. 4. **Reporting.** (a) Except as provided in paragraph (b), a mandated reporter shall immediately make an oral report to the common entry point. The common entry point may accept electronic reports submitted through a Web-based reporting system established by the commissioner. Use of a telecommunications device for the deaf or other similar device shall be considered an oral report. The common entry point may not require written reports. To the extent possible, the report must be of sufficient content to identify the vulnerable adult, the caregiver, the nature and extent of the suspected maltreatment, any evidence of previous maltreatment, the name and address of the reporter, the time, date, and location of the incident, and any other information that the reporter believes might be helpful in investigating the suspected maltreatment. A mandated reporter may disclose not public data, as defined in section 13.02, and medical records under sections 144.291 to 144.298, to the extent necessary to comply with this subdivision.

(b) A boarding care home that is licensed under sections 144.50 to 144.58 and certified under Title 19 of the Social Security Act, a nursing home that is licensed under section 144A.02 and certified under Title 18 or Title 19 of the Social Security Act, or a hospital that is licensed under sections 144.50 to 144.58 and has swing beds certified under Code of Federal Regulations, title 42, section 482.66, may submit a report electronically to the common entry point instead of submitting an oral report. The report may be a duplicate of the initial report the facility submits electronically to the commissioner of health to comply with the reporting requirements under Code of Federal Regulations, title 42, section 483.13. The commissioner of health may modify these reporting requirements to include items required under paragraph (a) that are not currently included in the electronic reporting form.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 46. Minnesota Statutes 2012, section 626.557, subdivision 9, is amended to read:

Subd. 9. **Common entry point designation.** (a) ~~Each county board shall designate a common entry point for reports of suspected maltreatment. Two or more county boards may jointly designate a single~~ The commissioner of human services shall establish a common entry point effective July 1, 2014. The common entry point is the unit responsible for receiving the report of suspected maltreatment under this section.

(b) The common entry point must be available 24 hours per day to take calls from reporters of suspected maltreatment. The common entry point shall use a standard intake form that includes:

(1) the time and date of the report;

(2) the name, address, and telephone number of the person reporting;

(3) the time, date, and location of the incident;

(4) the names of the persons involved, including but not limited to, perpetrators, alleged victims, and witnesses;

(5) whether there was a risk of imminent danger to the alleged victim;

(6) a description of the suspected maltreatment;

(7) the disability, if any, of the alleged victim;

(8) the relationship of the alleged perpetrator to the alleged victim;

(9) whether a facility was involved and, if so, which agency licenses the facility;

(10) any action taken by the common entry point;

(11) whether law enforcement has been notified;

(12) whether the reporter wishes to receive notification of the initial and final reports; and

(13) if the report is from a facility with an internal reporting procedure, the name, mailing address, and telephone number of the person who initiated the report internally.

(c) The common entry point is not required to complete each item on the form prior to dispatching the report to the appropriate lead investigative agency.

(d) The common entry point shall immediately report to a law enforcement agency any incident in which there is reason to believe a crime has been committed.

(e) If a report is initially made to a law enforcement agency or a lead investigative agency, those agencies shall take the report on the appropriate common entry point intake forms and immediately forward a copy to the common entry point.

(f) The common entry point staff must receive training on how to screen and dispatch reports efficiently and in accordance with this section.

(g) The commissioner of human services shall maintain a centralized database for the collection of common entry point data, lead investigative agency data including maltreatment report disposition, and appeals data. The common entry point shall have access to the centralized database and must log the reports into the database and immediately identify and locate prior reports of abuse, neglect, or exploitation.

(h) When appropriate, the common entry point staff must refer calls that do not allege the abuse, neglect, or exploitation of a vulnerable adult to other organizations that might resolve the reporter's concerns.

(i) a common entry point must be operated in a manner that enables the commissioner of human services to:

(1) track critical steps in the reporting, evaluation, referral, response, disposition, and investigative process to ensure compliance with all requirements for all reports;

(2) maintain data to facilitate the production of aggregate statistical reports for monitoring patterns of abuse, neglect, or exploitation;

(3) serve as a resource for the evaluation, management, and planning of preventative and remedial services for vulnerable adults who have been subject to abuse, neglect, or exploitation;

(4) set standards, priorities, and policies to maximize the efficiency and effectiveness of the common entry point; and

(5) track and manage consumer complaints related to the common entry point.

(j) The commissioners of human services and health shall collaborate on the creation of a system for referring reports to the lead investigative agencies. This system shall enable the commissioner of human services to track critical steps in the reporting, evaluation, referral, response, disposition, investigation, notification, determination, and appeal processes.

Sec. 47. Minnesota Statutes 2012, section 626.557, subdivision 9e, is amended to read:

Subd. 9e. **Education requirements.** (a) The commissioners of health, human services, and public safety shall cooperate in the development of a joint program for education of lead investigative agency investigators in the appropriate techniques for investigation of complaints of maltreatment. This program must be developed by July 1, 1996. The program must include but need not be limited to the following areas: (1) information collection and preservation; (2) analysis of facts; (3) levels of evidence; (4) conclusions based on evidence; (5) interviewing skills, including specialized training to interview people with unique needs; (6) report writing; (7) coordination and referral to other necessary agencies such as law enforcement and judicial agencies; (8) human relations and cultural diversity; (9) the dynamics of adult abuse and neglect within family systems and the appropriate methods for interviewing relatives in the course of the assessment or investigation; (10) the protective social services that are available to protect alleged victims from further abuse, neglect, or financial exploitation; (11) the methods by which lead investigative agency investigators and law enforcement workers cooperate in conducting assessments and investigations in order to avoid duplication of efforts; and (12) data practices laws and procedures, including provisions for sharing data.

(b) The commissioner of human services shall conduct an outreach campaign to promote the common entry point for reporting vulnerable adult maltreatment. This campaign shall use the Internet and other means of communication.

~~(b)~~ (c) The commissioners of health, human services, and public safety shall offer at least annual education to others on the requirements of this section, on how this section is implemented, and investigation techniques.

~~(c)~~ (d) The commissioner of human services, in coordination with the commissioner of public safety shall provide training for the common entry point staff as required in this subdivision and the program courses described in this subdivision, at least four times per year. At a minimum, the training shall be held twice annually in the seven-county metropolitan area and twice annually outside the seven-county metropolitan area. The commissioners shall give priority in the program areas cited in paragraph (a) to persons currently performing assessments and investigations pursuant to this section.

~~(d)~~ (e) The commissioner of public safety shall notify in writing law enforcement personnel of any new requirements under this section. The commissioner of public safety shall conduct regional training for law enforcement personnel regarding their responsibility under this section.

~~(e)~~ (f) Each lead investigative agency investigator must complete the education program specified by this subdivision within the first 12 months of work as a lead investigative agency investigator.

A lead investigative agency investigator employed when these requirements take effect must complete the program within the first year after training is available or as soon as training is available.

All lead investigative agency investigators having responsibility for investigation duties under this section must receive a minimum of eight hours of continuing education or in-service training each year specific to their duties under this section.

Sec. 48. **REPEALER.**

(a) Minnesota Statutes 2012, sections 245A.655; and 256B.0917, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, and 14, are repealed.

(b) Minnesota Statutes 2012, section 256B.0911, subdivisions 4a, 4b, and 4c, are repealed effective October 1, 2013.

Sec. 49. **EFFECTIVE DATE; CONTINGENT SYSTEMS MODERNIZATION APPROPRIATION.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given.

(b) Unless otherwise indicated, "commissioner" means the commissioner of human services.

(c) "Contingent systems modernization appropriation" refers to the appropriation in article 15, section 2.

(d) "Department" means the Department of Human Services.

(e) "Plan" means the plan that outlines how the provisions in this article, and the contingent appropriation for systems modernization, are implemented once federal action on Reform 2020 has occurred.

(f) Unless otherwise indicated, "Reform 2020" means the commissioner's request for any necessary federal approval of provisions in this article that modify or provide new medical assistance services, or that otherwise modify the federal role in the state's long-term care system.

Subd. 2. **Intent; effective dates generally.** (a) Because the changes contained in this article generate savings that are contingent on federal approval of Reform 2020, the legislature has also made an appropriation for systems modernization contingent on federal approval of Reform 2020. The purpose of this section is to outline how this article and the contingent systems modernization appropriation in article 15 are implemented if Reform 2020 is fully, partially, or incrementally approved or denied.

(b) In order for sections 1 to 48 of this article to be effective, the commissioner must follow the provisions of subdivisions 3 and 4, as applicable, notwithstanding any other effective dates for those sections.

Subd. 3. **Federal approval.** (a) The implementation of this article is contingent on federal approval.

(b) Upon full or partial approval of the waiver application, the commissioner shall develop a plan for implementing the provisions in this article that received federal approval as well as any that do not require federal approval. The plan must:

(1) include fiscal estimates for the 2014-2015 and 2016-2017 biennia;

(2) include the contingent systems modernization appropriation, which cannot exceed $16,992,000 for the biennium ending June 30, 2015; and

(3) include spending estimates that, with federal administrative reimbursement, do not exceed the department's net general fund appropriations for the 2014-2015 biennium.

(c) Upon approval by the commissioner of management and budget, the department may implement the plan.

(d) The commissioner may follow this plan and implement parts of Reform 2020 consistent with federal law if federal approval is denied, received incrementally, or significantly delayed.

(e) The commissioner must notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services funding of the plan. The plan must be made publicly available online.

Subd. 4. **Disbursement; implementation.** The commissioner of management and budget shall disburse the appropriations in article 15, section 2, to the commissioner to allow for implementation of the approved plan and make necessary adjustments in the accounting system to reflect any modified funding levels. Notwithstanding

Minnesota Statutes, section 16A.11, subdivision 3, paragraph (b), these fiscal estimates must be considered in establishing the appropriation base for the biennium ending June 30, 2017. The commissioner of management and budget shall reflect the modified funding levels in the first fund balance following the approval of the plan.

ARTICLE 3
HOME AND COMMUNITY-BASED SERVICES DISABILITY RATE SETTING

Section 1. Minnesota Statutes 2012, section 256B.4912, subdivision 2, is amended to read:

Subd. 2. **Payment methodologies.** (a) The commissioner shall establish, as defined under section 256B.4914, statewide payment methodologies that meet federal waiver requirements for home and community-based waiver services for individuals with disabilities. The payment methodologies must abide by the principles of transparency and equitability across the state. The methodologies must involve a uniform process of structuring rates for each service and must promote quality and participant choice.

(b) As of January 1, 2012, counties shall not implement changes to established processes for rate-setting methodologies for individuals using components of or data from research rates.

Sec. 2. Minnesota Statutes 2012, section 256B.4912, subdivision 3, is amended to read:

Subd. 3. **Payment requirements.** The payment methodologies established under this section shall accommodate:

(1) supervision costs;

(2) ~~staffing patterns~~ staff compensation;

(3) staffing and supervisory patterns;

~~(3)~~ (4) program-related expenses;

~~(4)~~ (5) general and administrative expenses; and

~~(5)~~ (6) consideration of recipient intensity.

Sec. 3. Minnesota Statutes 2012, section 256B.4913, is amended by adding a subdivision to read:

Subd. 4a. **Rate stabilization adjustment.** (a) The commissioner of human services shall adjust individual reimbursement rates by no more than 1.0 percent per year effective January 1, 2016. Rates determined under section 256B.4914 must be adjusted so that the unit rate varies no more than 1.0 percent per year from the rate effective December 1 of the prior calendar year. This adjustment is made annually for three calendar years from the date of implementation.

(b) Rate stabilization adjustment applies to services that are authorized in a recipient's service plan prior to January 1, 2016.

(c) Exemptions shall be made only when there is a significant change in the recipient's assessed needs which results in a service authorization change. Exemption adjustments shall be limited to the difference in the authorized framework rate specific to change in assessed need. Exemptions shall be managed within lead agencies' budgets per existing allocation procedures.

(d) This subdivision expires January 1, 2019.

Sec. 4. Minnesota Statutes 2012, section 256B.4913, subdivision 5, is amended to read:

Subd. 5. **Stakeholder consultation.** The commissioner shall continue consultation on regular intervals with the existing stakeholder group established as part of the rate-setting methodology process and others, to gather input, concerns, and data, ~~and exchange ideas for the legislative proposals for~~ to assist in the full implementation of the new rate payment system and to make pertinent information available to the public through the department's Web site.

Sec. 5. Minnesota Statutes 2012, section 256B.4913, subdivision 6, is amended to read:

Subd. 6. **Implementation.** (a) The commissioner ~~may~~ shall implement changes ~~no sooner than~~ on January 1, 2014, to payment rates for individuals receiving home and community-based waivered services after the enactment of legislation that establishes specific payment methodology frameworks, processes for rate calculations, and specific values to populate the ~~payment methodology frameworks~~ disability waiver rates system.

(b) On January 1, 2014, all new service authorizations must use the disability waiver rates system. Beginning January 1, 2014, all renewing individual service plans must use the disability waiver rates system as reassessment and reauthorization occurs. By December 31, 2014, data for all recipients must be entered into the disability waiver rates system.

Sec. 6. **[256B.4914] HOME AND COMMUNITY-BASED SERVICES WAIVERS; RATE SETTING.**

Subdivision 1. **Application.** The payment methodologies in this section apply to home and community-based services waivers under sections 256B.092 and 256B.49. This section does not change existing waiver policies and procedures.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them, unless the context clearly indicates otherwise.

(b) "Commissioner" means the commissioner of human services.

(c) "Component value" means underlying factors that are part of the cost of providing services that are built into the waiver rates methodology to calculate service rates.

(d) "Customized living tool" means a methodology for setting service rates which delineates and documents the amount of each component service included in a recipient's customized living service plan.

(e) "Disability Waiver Rates System" means a statewide system which establishes rates that are based on uniform processes and captures the individualized nature of waiver services and recipient needs.

(f) "Lead agency" means a county, partnership of counties, or tribal agency charged with administering waivered services under sections 256B.092 and 256B.49.

(g) "Median" means the amount that divides distribution into two equal groups, half above the median and half below the median.

(h) "Payment or rate" means reimbursement to an eligible provider for services provided to a qualified individual based on an approved service authorization.

(i) "Rates management system" means a web-based software application that uses a framework and component values, as determined by the commissioner, to establish service rates.

(j) "Recipient" means a person receiving home and community-based services funded under any of the disability waivers.

Subd. 3. **Applicable services.** Applicable services are those authorized under the state's home and community-based services waivers under sections 256B.092 and 256B.49 including, as defined in the federally approved home and community-based services plan:

(1) 24-hour customized living;

(2) adult day care;

(3) adult day care bath;

(4) behavioral programming;

(5) companion services;

(6) customized living;

(7) day training and habilitation;

(8) housing access coordination;

(9) independent living skills;

(10) in-home family support;

(11) night supervision;

(12) personal support;

(13) prevocational services;

(14) residential care services;

(15) residential support services;

(16) respite services;

(17) structured day services;

(18) supported employment services;

(19) supported living services;

(20) transportation services; and

(21) other services as approved by the federal government in the state home and community-based services plan.

Subd. 4. **Data collection for rate determination.** (a) Rates for all applicable home and community-based waivered services, including rate exceptions under subdivision 12 are set via the rates management system.

(b) Only data and information in the rates management system may be used to calculate an individual's rate.

(c) Service providers, with information from the community support plan, shall enter values and information needed to calculate an individual's rate into the rates management system. These values and information include:

(1) shared staffing hours;

(2) individual staffing hours;

(3) staffing ratios;

(4) information to document variable levels of service qualification for variable levels of reimbursement in each framework;

(5) shared or individualized arrangements for unit-based services, including the staffing ratio; and

(6) number of trips and miles for transportation services.

(d) Updates to individual data shall include:

(1) data for each individual that is updated annually when renewing service plans; and

(2) requests by individuals or lead agencies to update a rate whenever there is a change in an individual's service needs, with accompanying documentation.

(e) Lead agencies shall review and approve values to calculate the final payment rate for each individual. Lead agencies must notify the individual and the service provider of the final agreed upon values and rate. If a value used was mistakenly or erroneously entered and used to calculate a rate, a provider may petition lead agencies to correct it. Lead agencies must respond to these requests.

Subd. 5. **Base wage index and standard component values.** (a) The base wage index is established to determine staffing costs associated with providing services to individuals receiving home and community-based services. For purposes of developing and calculating the proposed base wage, Minnesota-specific wages taken from job descriptions and standard occupational classification (SOC) codes from the Bureau of Labor Statistics, as defined in the most recent edition of the Occupational Handbook shall be used. The base wage index shall be calculated as follows:

(1) for residential direct care basic staff, 50 percent of the median wage for personal and home health aide (SOC code 39-9021); 30 percent of the median wage for nursing aide (SOC code 31-1012); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(2) for residential direct care intensive staff, 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing aide (SOC code 21-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(3) for day services, 20 percent of the median wage for nursing aide (SOC Code 31-1012); 20 percent of the median wage for psychiatric technician (SOC Code 29-2053); and 60 percent of the median wage for social and human services code (SOC Code 21-1093);

(4) for residential asleep overnight staff, the wage will be $7.66 per hour, except in a family foster care setting the wage is $2.80 per hour;

(5) for behavior program analyst staff: 100 percent of the median wage for mental health counselors (SOC code 21-1014);

(6) for behavior program professional staff: 100 percent of the median wage for clinical counseling and school psychologist (SOC code 19-3031);

(7) for behavior program specialist staff: 100 percent of the median wage for psychiatric technicians (SOC code 29-2053);

(8) for supportive living services staff: 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(9) for housing access coordination staff: 50 percent of the median wage for community and social services specialist (SOC code 21-1099); and 50 percent of the median wage for social and human services aide (SOC code 21-1093);

(10) for in-home family support staff: 20 percent of the median wage for nursing aide (SOC code 31-1012); 30 percent of community social service specialist (SOC code 21-1099); 40 percent of the median wage for social and human services aide (SOC code 21-1093); and 10 percent of the median wage for psychiatric technician (SOC code 29-2053);

(11) for independent living skills staff: 40 percent of the median wage for community social service specialist (SOC code 21-1099); 50 percent of the median wage for social and human services aide (SOC code 21-1093); and 10 percent of the median wage for psychiatric technician (SOC code 29-2053);

(12) for supported employment staff: 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 60 percent of the median wage for social and human services aide (SOC code 21-1093);

(13) for adult companion staff: 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(14) for night supervision staff: 20 percent of the median wage for home health aide (SOC code 31-1011); 20 percent of the median wage for personal and home health aide (SOC code 39-9021); 20 percent of the median wage for nursing aide (SOC code 31-1012); 20 percent of the median wage for psychiatric technician (SOC code 29-2053); and 20 percent of the median wage for social and human services aide (SOC code 21-1093);

(15) for respite staff: 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012);

(16) for personal support staff: 50 percent of the median wage for personal and home care aide (SOC code 39-9021); and 50 percent of the median wage for nursing aides, orderlies, and attendants (SOC code 31-1012); and

(17) for supervisory staff: the basic wage is $17.43 per hour with exception of the supervisor of behavior analyst and behavior specialists which shall be $30.75 per hour.

(b) Component values for residential support services, excluding family foster care, are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 1.3 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(c) Component values for family foster care are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 3.3 percent; and

(5) program-related expense ratio: 1.3 percent.

(d) Component values for day services for all services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan support ratio: 5.6 percent;

(5) client programming and support ratio: 10 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 1.8 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(e) Component values for unit-based with program services are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan supports ratio: 3.1 percent;

(5) client programming and support ratio: 8.6 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 6.1 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(f) Component values for unit-based services without programming except respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) program plan support ratio: 3.1 percent;

(5) client programming and support ratio: 8.6 percent;

(6) general administrative support ratio: 13.25 percent;

(7) program-related expense ratio: 6.1 percent; and

(8) absence and utilization factor ratio: 3.9 percent.

(g) Component values for unit-based services without programming for respite are:

(1) supervisory span of control ratio: 11 percent;

(2) employee vacation, sick, and training allowance ratio: 8.71 percent;

(3) employee-related cost ratio: 23.6 percent;

(4) general administrative support ratio: 13.25 percent;

(5) program-related expense ratio: 6.1 percent; and

(6) absence and utilization factor ratio: 3.9 percent.

(h) On July 1, 2017, the commissioner shall update the base wage index in paragraph (a) based on the wage data by standard occupational code (SOC) from the Bureau of Labor Statistics available on December 31, 2016. The commissioner shall publish these updated values and load them into the rate management system. This adjustment shall occur every five years. For adjustments in 2021 and beyond, the commissioner shall use the data available on December 31 of the calendar year five years prior.

(i) On July 1, 2017, the commissioner shall update the framework components in paragraph (c) for changes in the Consumer Price Index. The commissioner must adjust these values higher or lower by the percentage change in the Consumer Price Index-All Items (United States city average) (CPI-U) from January 1, 2014, to January 1, 2017. The commissioner shall publish these updated values and load them into the rate management system. This adjustment shall occur every five years. For adjustments in 2021 and beyond, the commissioner shall use the data available on January 1 of the calendar year four years prior and January 1 of the current calendar year.

Subd. 6. **Payments for residential support services.** (a) Payments for residential support services, as defined in sections 256B.092, subdivision 11, and 256B.49 subdivision 22, must be calculated as follows:

(1) determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics national and Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5. This is defined as the direct care rate;

(3) for a recipient requiring customization for deaf or hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct care rate;

(4) multiply the number of residential services direct staff hours by the appropriate staff wage in subdivision 5, paragraph (a), or the customized direct care rate;

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (b), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (17);

(6) combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (b), clause (2). This is defined as the direct staffing cost;

(7) for employee-related expenses, multiply the direct staffing cost by one plus the employee-related cost ratio in subdivision 5, paragraph (b), clause (3);

(8) for client programming and supports, the commissioner shall add $2,179; and

(9) for transportation, if provided, the commissioner shall add $1,680, or $3,000 if customized for adapted transport per year.

(b) The total rate shall be calculated using the following steps:

(1) subtotal paragraph (a), clauses (7) to (9);

(2) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization ratio; and

(3) divide the result of clause (1) by one minus the result of clause (2). This is the total payment amount.

Subd. 7. **Payments for day programs.** Payments for services with day programs including adult day care, day treatment and habilitation, prevocational services, and structured day services must be calculated as follows:

(1) determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(3) for a recipient requiring customization for deaf or hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct care rate;

(4) multiply the number of day program direct staff hours by the appropriate staff wage in subdivision 5, paragraph (a), or the customized direct care rate;

(5) multiply the number of day program direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (d), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (17);

(6) combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (d), clause (2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause (6) by one plus the program plan support ratio in subdivision 5, paragraph (d), clause (4);

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (d), clause (3);

(9) for client programming and supports, multiply the result of clause (8) by one plus the client programming and support ratio in subdivision 5, paragraph (d), clause (5);

(10) for program facility costs, add $8.30 per week with consideration of staffing ratios to meet individual needs;

(11) for adult day bath services, add $7.01 per 15 minute unit;

(12) this is the subtotal rate;

(13) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(14) divide the result of clause (12) by one minus the result of clause (13). This is the total payment amount;

(15) for transportation provided as part of day training and habilitation for an individual who does not require a lift, add:

(i) $10.50 for a trip between zero and ten miles for a nonshared ride in a vehicle without a lift, $8.83 for a shared ride in a vehicle without a lift, and $9.25 for a shared ride in a vehicle with a lift;

(ii) $15.75 for a trip between 11 and 20 miles for a nonshared ride in a vehicle without a lift, $10.58 for a shared ride in a vehicle without a lift, and $11.88 for a shared ride in a vehicle with a lift;

(iii) $25.75 for a trip between 21and 50 miles for a nonshared ride in a vehicle without a lift, $13.92 for a shared ride in a vehicle without a lift, and $16.88 for a shared ride in a vehicle with a lift; or

(iv) $33.50 for a trip of 51 miles or more for a nonshared ride in a vehicle without a lift, $16.50 for a shared ride in a vehicle without a lift, and $20.75 for a shared ride in a vehicle with a lift;

(16) for transportation provide as part of day training and habilitation for an individual who does require a lift, add:

(i) $19.05 for a trip between zero and ten miles for a nonshared ride in a vehicle with a lift, and $15.05 for a shared ride in a vehicle with a lift;

(ii) $32.16 for a trip between 11 and 20 miles for a nonshared ride in a vehicle with a lift, and $28.16 for a shared ride in a vehicle with a lift;

(iii) $58.76 for a trip between 21 and 50 miles for a nonshared ride in a vehicle with a lift, and $58.76 for a shared ride in a vehicle with a lift; or

(iv) $80.93 for a trip of 51 miles or more for a nonshared ride in a vehicle with a lift, and $80.93 for a shared ride in a vehicle with a lift.

Subd. 8. **Payments for unit-based services with programming.** Payments for unit-based services with programming, including behavior programming, housing access coordination, in-home family support, independent living skills training, hourly supported living services, and supported employment provided to an individual outside of any day or residential service plan must be calculated as follows, unless the services are authorized separately under subdivision 6 or 7:

(1) determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rate must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rates or rates derived by the commissioner as provided in subdivision 5;

(3) for a recipient requiring customization for deaf or hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct care rate;

(4) multiply the number of direct staff hours by the appropriate staff wage in subdivision 5, paragraph (a), or the customized direct care rate;

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (e), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (17);

(6) combine the results of clauses (4) and (5), and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (e), clause (2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause (6) by one plus the program plan supports ratio in subdivision 5, paragraph (e), clause (4);

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (e), clause (3);

(9) for client programming and supports, multiply the result of clause (8) by one plus the client programming and supports ratio in subdivision 5, paragraph (e), clause (5);

(10) this is the subtotal rate;

(11) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio; and

(12) divide the result of clause (10) by one minus the result of clause (11). This is the total payment amount.

Subd. 9. **Payments for unit-based services without programming.** Payments for unit-based without program services including night supervision, personal support, respite, and companion care provided to an individual outside of any day or residential service plan must be calculated as follows unless the services are authorized separately under subdivision 6 or 7:

(1) for all services except respite, determine the number of units of service to meet a recipient's needs;

(2) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rate or rates derived by the commissioner as provided in subdivision 5;

(3) for a recipient requiring customization for deaf or hard-of-hearing language accessibility under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (2). This is defined as the customized direct care rate;

(4) multiply the number of direct staff hours by the appropriate staff wage in subdivision 5 or the customized direct care rate;

(5) multiply the number of direct staff hours by the product of the supervision span of control ratio in subdivision 5, paragraph (f), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (17);

(6) combine the results of clauses (4) and (5) and multiply the result by one plus the employee vacation, sick, and training allowance ratio in, subdivision 5, paragraph (f), clause (2). This is defined as the direct staffing rate;

(7) for program plan support, multiply the result of clause (6) by one plus the program plan support ratio in subdivision 5, paragraph (f), clause (4);

(8) for employee-related expenses, multiply the result of clause (7) by one plus the employee-related cost ratio in subdivision 5, paragraph (f), clause (3);

(9) For client programming and supports, multiply the result of clause (8) by one plus the client programming and support ratio in subdivision 5, paragraph (f), clause (5);

(10) this is the subtotal rate;

(11) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio;

(12) divide the result of clause (10) by one minus the result of clause (11). This is the total payment amount;

(13) for respite services, determine the number of daily units of service to meet an individual's needs;

(14) personnel hourly wage rates must be based on the 2009 Bureau of Labor Statistics Minnesota-specific rate or rates derived by the commissioner as provided in subdivision 5;

(15) for a recipient requiring deaf or hard-of-hearing customization under subdivision 12, add the customization rate provided in subdivision 12 to the result of clause (14). This is defined as the customized direct care rate;

(16) multiply the number of direct staff hours by the appropriate staff wage in subdivision 5, paragraph (a);

(17) multiply the number of direct staff hours by the product of the supervisory span of control ratio in subdivision 5, paragraph (g), clause (1), and the appropriate supervision wage in subdivision 5, paragraph (a), clause (17);

(18) combine the results of clauses (16) and (17) and multiply the result by one plus the employee vacation, sick, and training allowance ratio in subdivision 5, paragraph (g), clause (2). This is defined as the direct staffing rate;

(19) for employee-related expenses, multiply the result of clause (18) by one plus the employee-related cost ratio in subdivision 5, paragraph (g), clause (3).

(20) this is the subtotal rate;

(21) sum the standard general and administrative rate, the program-related expense ratio, and the absence and utilization factor ratio; and

(22) divide the result of clause (20) by one minus the result of clause (21). This is the total payment amount.

Subd. 10. **Updating payment values and additional information.** (a) The commissioner shall develop and implement uniform procedures to refine terms and update or adjust values used to calculate payment rates in this section. For calendar year 2014, the commissioner shall use the values, terms, and procedures provided in this section.

(b) The commissioner shall work with stakeholders to assess efficacy of values and payment rates. The commissioner shall report back to the legislature with proposed changes for component values and recommendations for revisions on the schedule provided in paragraphs (c) and (d).

(c) The commissioner shall work with stakeholders to continue refining a subset of component values, which are to be referred to as interim values, and report recommendations to the legislature by February 15, 2014. Interim component values are: transportation rates for day training and habilitation; transportation for adult day, structured day, and prevocational services; geographic difference factor; day program facility rate; services where monitoring technology replaces staff time; shared services for independent living skills training; and supported employment and billing for indirect services.

(d) The commissioner shall report and make recommendations to the legislature on: February 15, 2015, February 15, 2017, February 15, 2019, and February 15, 2021. After 2021, reports shall be provided on a four-year cycle.

(e) The commissioner shall provide a public notice via list serve in October of each year beginning October 1, 2014. The notice shall contain information detailing legislatively approved changes in: calculation values including derived wage rates and related employee and administrative factors; services utilization; county and tribal allocation changes and; information on adjustments to be made to calculation values and timing of those adjustments. Information in this notice shall be effective January 1 of the following year.

Subd. 11. **Payment implementation.** Upon implementation of the payment methodologies under this section, those payment rates supersede rates established in county contracts for recipients receiving waiver services under sections 256B.092 or 256B.49.

Subd. 12. **Customization of rates for individuals.** (a) For persons determined to have higher needs based on being deaf or hard-of-hearing, the direct care costs must be increased by an adjustment factor prior to calculating the rate under subdivisions 6, 7, 8, and 9. The customization rate with respect to deaf or hard-of-hearing persons shall be $2.50 per hour for waiver recipients who meet the respective criteria as determined by the commissioner.

(b) For the purposes of this section, "Deaf or Hard of Hearing" means:

(1)(i) the person has a developmental disability and an assessment score which indicates a hearing impairment that is severe or that the person has no useful hearing;

(ii) the person has a developmental disability and an expressive communications score that indicates the person uses single signs or gestures, uses an augmentative communication aid, or does not have functional communication, or the person's expressive communications are unknown; and

(iii) the person has a developmental disability and a communication score which indicates the person comprehends signs, gestures, and modeling prompts or does not comprehend verbal, visual, or gestural communication or that the person's receptive communications score is unknown; or

(2)(i) the person receives long-term care services and has an assessment score which indicates they hear only very loud sounds, have no useful hearing, or a determination cannot be made; and

(ii) the person receives long-term care services and has an assessment which indicates the person communicates needs with sign language, symbol board, written messages, gestures or an interpreter; communicates with inappropriate content; makes garbled sounds or displays echolalia; or does not communicate needs.

Subd. 13. **Transportation.** The commissioner shall require that the purchase of transportation services be cost-effective and be limited to market rates where the transportation mode is generally available and accessible.

Subd. 14. **Exceptions.** (a) In a format prescribed by the commissioner, lead agencies must identify individuals with exceptional needs that cannot be met under the disability waiver rate system. The commissioner shall use that information to evaluate and, if necessary, approve an alternative payment rate for those individuals.

(b) Lead agencies must submit exception requests to the state.

(c) An application for a rate exception may be submitted for the following criteria:

(1) an individual has service needs that cannot be met through additional units of service; or

(2) an individual's rate determined under subdivisions 6, 7, 8, and 9 results in an individual being discharged.

(d) Exception requests must include the following information:

(1) the service needs required by each individual that are not accounted for in subdivisions 6, 7, 8, and 9;

(2) the service rate requested and the difference from the rate determined in subdivisions 6, 7, 8, and 9;

(3) a basis for the underlying costs used for the rate exception and any accompanying documentation;

(4) the duration of the rate exception; and

(5) any contingencies for approval.

(e) Approved rate exceptions shall be managed within lead agency allocations under sections 256B.092 and 256B.49.

(f) Individual disability waiver recipients may request that a lead agency submit an exception request. A lead agency that denies such a request shall notify the individual waiver recipient of its decision and the reasons for denying the request in writing no later than 30 days after the individual's request has been made.

(g) The commissioner shall determine whether to approve or deny an exception request no more than 30 days after receiving the request. If the commissioner denies the request, the commissioner shall notify the lead agency and the individual disability waiver recipient in writing of the reasons for the denial.

(h) The individual disability waiver recipient may appeal any denial of an exception request by either the lead agency or the commissioner, pursuant to sections 256.045 and 256.0451. When the denial of an exception request results in the proposed demission of a waiver recipient from a residential or day habilitation program, the

commissioner shall issue a temporary stay of demission, when requested by the disability waiver recipient, consistent with the provisions of section 256.045, subdivisions 4a and 6, paragraph (c). The temporary stay shall remain in effect until the lead agency can provide an informed choice of appropriate, alternative services to the disability waiver.

(i) Providers may petition lead agencies to update values that were entered incorrectly or erroneously into the rate management system, based on past service level discussions and determination in subdivision 4, without applying for a rate exception.

Subd. 15. **County or tribal allocations.** (a) Upon implementation of the Disability Waiver Rates Management System on January 1, 2014, the commissioner shall establish a method of tracking and reporting the fiscal impact of the Disability Waiver Rates Management System on individual lead agencies.

(b) Beginning January 1, 2014, and continuing through full implementation on December 31, 2017, the commissioner shall make annual adjustments to lead agencies' home and community-based waivered service budget allocations to adjust for rate differences and the resulting impact on county allocations upon implementation of the disability waiver rates system.

Subd. 16. **Budget neutrality adjustment.** The commissioner shall calculate the total spending for all home and community-based waiver services under the payments as defined in subdivisions 6, 7, 8, and 9 for all recipients as of July 1, 2013, and compare it to spending for services defined for subdivisions 6, 7, 8, and 9 under current law. If spending for services in one particular subdivision differs, there will be a percentage adjustment to increase or decrease individual rates for the services defined in each subdivision so aggregate spending matches projections under current law.

Subd. 17. **Implementation.** (a) On January 1, 2014, the commissioner shall fully implement the calculation of rates for waivered services under sections 256B.092 and 256B.49, without additional legislative approval.

(b) The commissioner shall phase in the application of rates determined in subdivisions 6 to 9 for two years.

(c) The commissioner shall preserve rates in effect on December 31, 2013, for the two-year period.

(d) The commissioner shall calculate and measure the difference in cost per individual using the historical rate and the rates under subdivisions 6 to 9, for all individuals enrolled as of December 31, 2013. This measurement shall occur statewide, and for individuals in every county.

The commissioner shall provide the results of this analysis, by county for calendar year 2014, to the legislative committees with jurisdiction over health and human services finance by February 15, 2015.

(e) The commissioner shall calculate the average rate per unit for each service by county. For individuals enrolled after January 1, 2014, individuals will receive the higher of the rate produced under subdivisions 6 to 9, or the by-county average rate.

(f) On January 1, 2016, the rates determined in subdivisions 6 to 9 shall be applied.

Sec. 7. **REPEALER.**

Minnesota Statutes 2012, section 256B.4913, subdivisions 1, 2, 3, and 4, are repealed.

ARTICLE 4
STRENGTHENING CHEMICAL AND MENTAL HEALTH SERVICES

Section 1. Minnesota Statutes 2012, section 245.4661, subdivision 5, is amended to read:

Subd. 5. **Planning for pilot projects.** (a) Each local plan for a pilot project, with the exception of the placement of a Minnesota specialty treatment facility as defined in paragraph (c), must be developed under the direction of the county board, or multiple county boards acting jointly, as the local mental health authority. The planning process for each pilot shall include, but not be limited to, mental health consumers, families, advocates, local mental health advisory councils, local and state providers, representatives of state and local public employee bargaining units, and the department of human services. As part of the planning process, the county board or boards shall designate a managing entity responsible for receipt of funds and management of the pilot project.

(b) For Minnesota specialty treatment facilities, the commissioner shall issue a request for proposal for regions in which a need has been identified for services.

(c) For purposes of this section, Minnesota specialty treatment facility is defined as an intensive rehabilitative mental health service under section 256B.0622, subdivision 2, paragraph (b).

Sec. 2. Minnesota Statutes 2012, section 245.4661, subdivision 6, is amended to read:

Subd. 6. **Duties of commissioner.** (a) For purposes of the pilot projects, the commissioner shall facilitate integration of funds or other resources as needed and requested by each project. These resources may include:

(1) residential services funds administered under Minnesota Rules, parts 9535.2000 to 9535.3000, in an amount to be determined by mutual agreement between the project's managing entity and the commissioner of human services after an examination of the county's historical utilization of facilities located both within and outside of the county and licensed under Minnesota Rules, parts 9520.0500 to 9520.0690;

(2) community support services funds administered under Minnesota Rules, parts 9535.1700 to 9535.1760;

(3) other mental health special project funds;

(4) medical assistance, general assistance medical care, MinnesotaCare and group residential housing if requested by the project's managing entity, and if the commissioner determines this would be consistent with the state's overall health care reform efforts; ~~and~~

(5) regional treatment center resources consistent with section 246.0136, subdivision 1~~.~~; and

(6) funds transferred from section 246.18, subdivision 8, for grants to providers to participate in mental health specialty treatment services, awarded to providers through a request for proposal process.

(b) The commissioner shall consider the following criteria in awarding start-up and implementation grants for the pilot projects:

(1) the ability of the proposed projects to accomplish the objectives described in subdivision 2;

(2) the size of the target population to be served; and

(3) geographical distribution.

(c) The commissioner shall review overall status of the projects initiatives at least every two years and recommend any legislative changes needed by January 15 of each odd-numbered year.

(d) The commissioner may waive administrative rule requirements which are incompatible with the implementation of the pilot project.

(e) The commissioner may exempt the participating counties from fiscal sanctions for noncompliance with requirements in laws and rules which are incompatible with the implementation of the pilot project.

(f) The commissioner may award grants to an entity designated by a county board or group of county boards to pay for start-up and implementation costs of the pilot project.

Sec. 3. Minnesota Statutes 2012, section 245.4682, subdivision 2, is amended to read:

Subd. 2. **General provisions.** (a) In the design and implementation of reforms to the mental health system, the commissioner shall:

(1) consult with consumers, families, counties, tribes, advocates, providers, and other stakeholders;

(2) bring to the legislature, and the State Advisory Council on Mental Health, by January 15, 2008, recommendations for legislation to update the role of counties and to clarify the case management roles, functions, and decision-making authority of health plans and counties, and to clarify county retention of the responsibility for the delivery of social services as required under subdivision 3, paragraph (a);

(3) withhold implementation of any recommended changes in case management roles, functions, and decision-making authority until after the release of the report due January 15, 2008;

(4) ensure continuity of care for persons affected by these reforms including ensuring client choice of provider by requiring broad provider networks and developing mechanisms to facilitate a smooth transition of service responsibilities;

(5) provide accountability for the efficient and effective use of public and private resources in achieving positive outcomes for consumers;

(6) ensure client access to applicable protections and appeals; and

(7) make budget transfers necessary to implement the reallocation of services and client responsibilities between counties and health care programs that do not increase the state and county costs and efficiently allocate state funds.

(b) When making transfers under paragraph (a) necessary to implement movement of responsibility for clients and services between counties and health care programs, the commissioner, in consultation with counties, shall ensure that any transfer of state grants to health care programs, including the value of case management transfer grants under section 256B.0625, subdivision 20, does not exceed the value of the services being transferred for the latest 12-month period for which data is available. The commissioner may make quarterly adjustments based on the availability of additional data during the first four quarters after the transfers first occur. If case management transfer grants under section 256B.0625, subdivision 20, are repealed and the value, based on the last year prior to repeal, exceeds the value of the services being transferred, the difference becomes an ongoing part of each county's adult ~~and children's~~ mental health grants under sections 245.4661~~, 245.4889,~~ and 256E.12.

(c) This appropriation is not authorized to be expended after December 31, 2010, unless approved by the legislature.

Sec. 4. Minnesota Statutes 2012, section 246.18, subdivision 8, is amended to read:

Subd. 8. **State-operated services account.** (a) The state-operated services account is established in the special revenue fund. Revenue generated by new state-operated services listed under this section established after July 1, 2010, that are not enterprise activities must be deposited into the state-operated services account, unless otherwise specified in law:

(1) intensive residential treatment services;

(2) foster care services; and

(3) psychiatric extensive recovery treatment services.

(b) Funds deposited in the state-operated services account are available to the commissioner of human services for the purposes of:

(1) providing services needed to transition individuals from institutional settings within state-operated services to the community when those services have no other adequate funding source;

(2) grants to providers participating in mental health specialty treatment services under section 245.4661; and

(3) to fund the operation of the Intensive Residential Treatment Service program in Willmar.

Sec. 5. Minnesota Statutes 2012, section 246.18, is amended by adding a subdivision to read:

Subd. 9. **Transfers.** The commissioner may transfer state mental health grant funds to the account in subdivision 8 for noncovered allowable costs of a provider certified and licensed under section 256B.0622, and operating under section 246.014.

Sec. 6. Minnesota Statutes 2012, section 254B.13, is amended to read:

254B.13 PILOT PROJECTS; CHEMICAL HEALTH CARE.

Subdivision 1. **Authorization for navigator pilot projects.** The commissioner may approve and implement navigator pilot projects developed under the planning process required under Laws 2009, chapter 79, article 7, section 26, to provide alternatives to and enhance coordination of the delivery of chemical health services required under section 254B.03.

Subd. 2. **Program design and implementation.** (a) The commissioner and counties participating in the navigator pilot projects shall continue to work in partnership to refine and implement the navigator pilot projects initiated under Laws 2009, chapter 79, article 7, section 26.

(b) The commissioner and counties participating in the navigator pilot projects shall complete the planning phase ~~by June 30, 2010,~~ and, if approved by the commissioner for implementation, enter into agreements governing the operation of the navigator pilot projects ~~with implementation scheduled no earlier than July 1, 2010~~.

Subd. 2a. **Eligibility for navigator pilot program.** (a) To be considered for participation in a navigator pilot program, an individual must:

(1) be a resident of a county with an approved navigator program;

(2) be eligible for consolidated chemical dependency treatment fund services;

(3) be a voluntary participant in the navigator program;

(4) satisfy one of the following items:

(i) have at least one severity rating of three or above in dimension four, five, or six in a comprehensive assessment under Minnesota Rules, part 9530.6422; or

(ii) have at least one severity rating of two or above in dimension four, five, or six in a comprehensive assessment under Minnesota Rules, part 9530.6422, and be currently participating in a Rule 31 treatment program under Minnesota Rules, parts 9530.6405 to 9530.6505, or be within 60 days following discharge after participation in a Rule 31 treatment program; and

(5) have had at least two treatment episodes in the past two years, not limited to episodes reimbursed by the consolidated chemical dependency treatment funds. An admission to an emergency room, a detoxification program, or a hospital may be substituted for one treatment episode if it resulted from the individual's substance use disorder.

(b) New eligibility criteria may be added as mutually agreed upon by the commissioner and participating navigator programs.

Subd. 3. **Program evaluation.** The commissioner shall evaluate navigator pilot projects under this section and report the results of the evaluation to the chairs and ranking minority members of the legislative committees with jurisdiction over chemical health issues by January 15, 2014. Evaluation of the navigator pilot projects must be based on outcome evaluation criteria negotiated with the navigator pilot projects prior to implementation.

Subd. 4. **Notice of navigator project discontinuation.** Each county's participation in the navigator pilot project may be discontinued for any reason by the county or the commissioner of human services after 30 days' written notice to the other party. ~~Any unspent funds held for the exiting county's pro rata share in the special revenue fund under the authority in subdivision 5, paragraph (d), shall be transferred to the consolidated chemical dependency treatment fund following discontinuation of the pilot project.~~

Subd. 5. **Duties of commissioner.** (a) Notwithstanding any other provisions in this chapter, the commissioner may authorize navigator pilot projects to use chemical dependency treatment funds to pay for nontreatment navigator pilot services:

(1) in addition to those authorized under section 254B.03, subdivision 2, paragraph (a); and

(2) by vendors in addition to those authorized under section 254B.05 when not providing chemical dependency treatment services.

(b) For purposes of this section, "nontreatment navigator pilot services" include navigator services, peer support, family engagement and support, housing support, rent subsidies, supported employment, and independent living skills.

(c) State expenditures for chemical dependency services and nontreatment navigator pilot services provided by or through the navigator pilot projects must not be greater than the chemical dependency treatment fund expected share of forecasted expenditures in the absence of the navigator pilot projects. The commissioner may restructure the schedule of payments between the state and participating counties under the local agency share and division of cost provisions under section 254B.03, subdivisions 3 and 4, as necessary to facilitate the operation of the navigator pilot projects.

~~(d) To the extent that state fiscal year expenditures within a pilot project are less than the expected share of forecasted expenditures in the absence of the pilot projects, the commissioner shall deposit the unexpended funds in a separate account within the consolidated chemical dependency treatment fund, and make these funds available for expenditure by the pilot projects the following year. To the extent that treatment and nontreatment pilot services expenditures within the pilot project exceed the amount expected in the absence of the pilot projects, the pilot project county or counties are responsible for the portion of nontreatment pilot services expenditures in excess of the otherwise expected share of forecasted expenditures.~~

~~(e)~~ (d) The commissioner may waive administrative rule requirements that are incompatible with the implementation of the navigator pilot project, except that any chemical dependency treatment funded under this section must continue to be provided by a licensed treatment provider.

~~(f)~~ (e) The commissioner shall not approve or enter into any agreement related to navigator pilot projects authorized under this section that puts current or future federal funding at risk.

(f) The commissioner shall provide participating navigator pilot projects with transactional data, reports, provider data, and other data generated by county activity to assess and measure outcomes. This information must be transmitted or made available in an acceptable form to participating navigator pilot projects at least once every six months or within a reasonable time following the commissioner's receipt of information from the counties needed to comply with this paragraph.

Subd. 6. **Duties of county board.** The county board, or other county entity that is approved to administer a navigator pilot project, shall:

(1) administer the navigator pilot project in a manner consistent with the objectives described in subdivision 2 and the planning process in subdivision 5;

(2) ensure that no one is denied chemical dependency treatment services for which they would otherwise be eligible under section 254A.03, subdivision 3; and

(3) provide the commissioner with timely and pertinent information as negotiated in agreements governing operation of the navigator pilot projects.

Subd. 7. **Managed care.** An individual who is eligible for the navigator pilot program under subdivision 2a is excluded from mandatory enrollment in managed care until these services are included in the health plan's benefit set.

Subd. 8. **Authorization for continuation of navigator pilots.** The navigator pilot projects implemented pursuant to subdivision 1 are authorized to continue operation after July 1, 2013, under existing agreements governing operation of the pilot projects.

EFFECTIVE DATE. The amendments to subdivisions 1 to 6 and 8 are effective August 1, 2013. Subdivision 7 is effective July 1, 2013.

Sec. 7. **[254B.14] CONTINUUM OF CARE PILOT PROJECTS; CHEMICAL HEALTH CARE.**

Subdivision 1. **Authorization for continuum of care pilot projects.** The commissioner shall establish chemical dependency continuum of care pilot projects to begin implementing the measures developed with stakeholder input and identified in the report completed pursuant to Laws 2012, chapter 247, article 5, section 8. The pilot projects are intended to improve the effectiveness and efficiency of the service continuum for chemically dependent individuals in Minnesota while reducing duplication of efforts and promoting scientifically supported practices.

Subd. 2. **Program implementation.** (a) The commissioner, in coordination with representatives of the Minnesota Association of County Social Service Administrators and the Minnesota Inter-County Association, shall develop a process for identifying and selecting interested counties and providers for participation in the continuum of care pilot projects. There will be three pilot projects; one representing the northern region, one for the metro region, and one for the southern region. The selection process of counties and providers must include consideration of population size, geographic distribution, cultural and racial demographics, and provider accessibility. The commissioner shall identify counties and providers that are selected for participation in the continuum of care pilot projects no later than September 30, 2013.

(b) The commissioner and entities participating in the continuum of care pilot projects shall enter into agreements governing the operation of the continuum of care pilot projects. The agreements shall identify pilot project outcomes and include timelines for implementation and beginning operation of the pilot projects.

(c) Entities that are currently participating in the navigator pilot project are eligible to participate in the continuum of care pilot project subsequent to or instead of participating in the navigator pilot project.

(d) The commissioner may waive administrative rule requirements that are incompatible with implementation of the continuum of care pilot projects.

(e) Notwithstanding section 254A.19, the commissioner may designate noncounty entities to complete chemical use assessments and placement authorizations required under section 254A.19 and Minnesota Rules, parts 9530.6600 to 9530.6655. Section 254A.19, subdivision 3, is applicable to the continuum of care pilot projects at the discretion of the commissioner.

Subd. 3. **Program design.** (a) The operation of the pilot projects shall include:

(1) new services that are responsive to the chronic nature of substance use disorder;

(2) telehealth services, when appropriate to address barriers to services;

(3) services that assure integration with the mental health delivery system when appropriate;

(4) services that address the needs of diverse populations; and

(5) an assessment and access process that permits clients to present directly to a service provider for a substance use disorder assessment and authorization of services.

(b) Prior to implementation of the continuum of care pilot projects, a utilization review process must be developed and agreed to by the commissioner, participating counties, and providers. The utilization review process shall be described in the agreements governing operation of the continuum of care pilot projects.

Subd. 4. **Notice of project discontinuation.** Each entity's participation in the continuum of care pilot project may be discontinued for any reason by the county or the commissioner after 30 days' written notice to the entity.

Subd. 5. **Duties of commissioner.** (a) Notwithstanding any other provisions in this chapter, the commissioner may authorize chemical dependency treatment funds to pay for nontreatment services arranged by continuum of care pilot projects. Individuals who are currently accessing Rule 31 treatment services are eligible for concurrent participation in the continuum of care pilot projects.

(b) County expenditures for continuum of care pilot project services shall not be greater than their expected share of forecasted expenditures in the absence of the continuum of care pilot projects.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 8. **[256.478] HOME AND COMMUNITY-BASED SERVICES TRANSITIONS GRANTS.**

(a) The commissioner shall make available home and community-based services transition grants to serve individuals who do not meet eligibility criteria for the medical assistance program under section 256B.056 or 256B.057, but who otherwise meet the criteria under section 256B.092, subdivision 13, or 256B.49, subdivision 24.

(b) For the purposes of this section, the commissioner has the authority to transfer funds between the medical assistance account and the home and community-based services transitions grants account.

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 9. Minnesota Statutes 2012, section 256B.0623, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Adult rehabilitative mental health services" means mental health services which are rehabilitative and enable the recipient to develop and enhance psychiatric stability, social competencies, personal and emotional adjustment, ~~and~~ independent living, parenting skills, and community skills, when these abilities are impaired by the symptoms of mental illness. Adult rehabilitative mental health services are also appropriate when provided to enable a recipient to retain stability and functioning, if the recipient would be at risk of significant functional decompensation or more restrictive service settings without these services.

(1) Adult rehabilitative mental health services instruct, assist, and support the recipient in areas such as: interpersonal communication skills, community resource utilization and integration skills, crisis assistance, relapse prevention skills, health care directives, budgeting and shopping skills, healthy lifestyle skills and practices, cooking and nutrition skills, transportation skills, medication education and monitoring, mental illness symptom management skills, household management skills, employment-related skills, parenting skills, and transition to community living services.

(2) These services shall be provided to the recipient on a one-to-one basis in the recipient's home or another community setting or in groups.

(b) "Medication education services" means services provided individually or in groups which focus on educating the recipient about mental illness and symptoms; the role and effects of medications in treating symptoms of mental illness; and the side effects of medications. Medication education is coordinated with medication management services and does not duplicate it. Medication education services are provided by physicians, pharmacists, physician's assistants, or registered nurses.

(c) "Transition to community living services" means services which maintain continuity of contact between the rehabilitation services provider and the recipient and which facilitate discharge from a hospital, residential treatment program under Minnesota Rules, chapter 9505, board and lodging facility, or nursing home. Transition to community living services are not intended to provide other areas of adult rehabilitative mental health services.

Sec. 10. Minnesota Statutes 2012, section 256B.0625, is amended by adding a subdivision to read:

Subd. 35c. **School-linked mental health services.** Medical assistance covers mental health services provided in a school as part of a school-linked mental health program by an individual who is licensed by the Board of Behavioral Health and Therapy, Board of Marriage and Family Therapy, Board of Psychology, or Board of Social Work, and who also meets the definition of a mental health practitioner under section 245.462, subdivision 17, or 245.4871, subdivision 26. For purposes of this subdivision, an individual who meets the definition of mental health practitioner under section 245.462, subdivision 17, or 245.4871, subdivision 26, is not limited to having less than 4,000 hours of post-master's experience. The mental health practitioner must be supervised by a licensed mental health professional.

Sec. 11. Minnesota Statutes 2012, section 256B.0625, subdivision 48, is amended to read:

Subd. 48. **Psychiatric consultation to primary care practitioners.** ~~Effective January 1, 2006,~~ Medical assistance covers consultation provided by a psychiatrist or psychologist via telephone, e-mail, facsimile, or other means of communication to primary care practitioners, including pediatricians. The need for consultation and the receipt of the consultation must be documented in the patient record maintained by the primary care practitioner. If the patient consents, and subject to federal limitations and data privacy provisions, the consultation may be provided without the patient present.

Sec. 12. Minnesota Statutes 2012, section 256B.0625, is amended by adding a subdivision to read:

Subd. 61. **Family psychoeducation services.** Effective July 1, 2013, or upon federal approval, whichever is later, medical assistance covers family psychoeducation services provided to a child up to age 21 with a diagnosed mental health condition when identified in the child's individual treatment plan and provided by a licensed mental health professional, as defined in Minnesota Rules, part 9505.0371, subpart 5, item A, or a clinical trainee, as defined in Minnesota Rules, part 9505.0371, subpart 5, item C, who has determined it medically necessary to involve family members in the child's care. For the purposes of this subdivision, "family psychoeducation services" means information or demonstration provided to an individual or family as part of an individual, family, multifamily group, or peer group session to explain, educate, and support the child and family in understanding a child's symptoms of mental illness, the impact on the child's development, and needed components of treatment and skill development so that the individual, family, or group can help the child to prevent relapse, prevent the acquisition of comorbid disorders, and to achieve optimal mental health and long-term resilience.

Sec. 13. Minnesota Statutes 2012, section 256B.0625, is amended by adding a subdivision to read:

Subd. 62. **Mental health clinical care consultation.** Effective July 1, 2013, or upon federal approval, whichever is later, medical assistance covers clinical care consultation for a person up to age 21 who is diagnosed with a complex mental health condition or a mental health condition that co-occurs with other complex and chronic conditions, when described in the person's individual treatment plan and provided by a licensed mental health professional, as defined in Minnesota Rules, part 9505.0371, subpart 5, item A. For the purposes of this subdivision, "clinical care consultation" means communication from a treating mental health professional to other providers not under the clinical supervision of the treating mental health professional who are working with the same client to inform, inquire, and instruct regarding the client's symptoms; strategies for effective engagement, care, and intervention needs; and treatment expectations across service settings; and to direct and coordinate clinical service components provided to the client and family.

Sec. 14. Minnesota Statutes 2012, section 256B.092, is amended by adding a subdivision to read:

Subd. 13. **Waiver allocations for transition populations.** (a) The commissioner shall make available additional waiver allocations and additional necessary resources to assure timely discharges from the Anoka Metro Regional Treatment Center and the Minnesota Security Hospital in St. Peter for individuals who meet the following criteria:

(1) are otherwise eligible for the developmental disabilities waiver under this section;

(2) who would otherwise remain at the Anoka Metro Regional Treatment Center or the Minnesota Security Hospital;

(3) whose discharge would be significantly delayed without the available waiver allocation; and

(4) who have met treatment objectives and no longer meet hospital level of care.

(b) Additional waiver allocations under this subdivision must meet cost-effectiveness requirements of the federal approved waiver plan.

(c) Any corporate foster care home developed under this subdivision must be considered an exception under section 245A.03, subdivision 7, paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 15. Minnesota Statutes 2012, section 256B.0946, is amended to read:

256B.0946 INTENSIVE TREATMENT IN FOSTER CARE.

Subdivision 1. **Required covered service components.** (a) Effective ~~July 1, 2006,~~ upon enactment and subject to federal approval, medical assistance covers medically necessary intensive treatment services described under paragraph (b) that are provided by a provider entity eligible under subdivision 3 to a client eligible under subdivision 2 who is placed in a ~~treatment~~ foster home licensed under Minnesota Rules, parts 2960.3000 to 2960.3340.

(b) Intensive treatment services to children with ~~severe emotional disturbance~~ mental illness residing in ~~treatment~~ foster ~~care~~ family settings ~~must meet the relevant standards for mental health services under sections 245.487 to 245.4889. In addition,~~ that comprise specific required service components provided in clauses (1) to (5), are reimbursed by medical assistance ~~must~~ when they meet the following standards:

~~(1) case management service component must meet the standards in Minnesota Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10;~~

(1) psychotherapy provided by a mental health professional as defined in Minnesota Rules, part 9505.0371, subpart 5, item A, or a clinical trainee, as defined in Minnesota Rules, part 9505.0371, subpart 5, item C;

(2) ~~psychotherapy,~~ crisis assistance~~, and skills training components must meet the~~ provided according to standards for children's therapeutic services and supports in section 256B.0943; ~~and~~

(3) individual family, and group psychoeducation services ~~under supervision of~~, defined in subdivision 1a, paragraph (q), provided by a mental health professional~~.~~ or a clinical trainee;

(4) clinical care consultation, as defined in subdivision 1a, and provided by a mental health professional or a clinical trainee; and

(5) service delivery payment requirements as provided under subdivision 4.

Subd. 1a. **Definitions.** For the purposes of this section, the following terms have the meanings given them.

(a) "Clinical care consultation" means communication from a treating clinician to other providers working with the same client to inform, inquire, and instruct regarding the client's symptoms, strategies for effective engagement, care and intervention needs, and treatment expectations across service settings, including but not limited to the client's school, social services, day care, probation, home, primary care, medication prescribers, disabilities services, and other mental health providers and to direct and coordinate clinical service components provided to the client and family.

(b) "Clinical supervision" means the documented time a clinical supervisor and supervisee spend together to discuss the supervisee's work, to review individual client cases, and for the supervisee's professional development. It includes the documented oversight and supervision responsibility for planning, implementation, and evaluation of services for a client's mental health treatment.

(c) "Clinical supervisor" means the mental health professional who is responsible for clinical supervision.

(d) "Clinical trainee" has the meaning given in Minnesota Rules, part 9505.0371, subpart 5, item C;

(e) "Crisis assistance" has the meaning given in section 245.4871, subdivision 9a, including the development of a plan that addresses prevention and intervention strategies to be used in a potential crisis, but does not include actual crisis intervention.

(f) "Culturally appropriate" means providing mental health services in a manner that incorporates the child's cultural influences, as defined in Minnesota Rules, part 9505.0370, subpart 9, into interventions as a way to maximize resiliency factors and utilize cultural strengths and resources to promote overall wellness.

(g) "Culture" means the distinct ways of living and understanding the world that are used by a group of people and are transmitted from one generation to another or adopted by an individual.

(h) "Diagnostic assessment" has the meaning given in Minnesota Rules, part 9505.0370, subpart 11.

(i) "Family" means a person who is identified by the client or the client's parent or guardian as being important to the client's mental health treatment. Family may include, but is not limited to, parents, foster parents, children, spouse, committed partners, former spouses, persons related by blood or adoption, persons who are a part of the client's permanency plan, or persons who are presently residing together as a family unit.

(j) "Foster care" has the meaning given in section 260C.007, subdivision 18.

(k) "Foster family setting" means the foster home in which the license holder resides.

(l) "Individual treatment plan" has the meaning given in Minnesota Rules, part 9505.0370, subpart 15.

(m) "Mental health practitioner" has the meaning given in Minnesota Rules, part 9505.0370, subpart 17.

(n) "Mental health professional" has the meaning given in Minnesota Rules, part 9505.0370, subpart 18.

(o) "Mental illness" has the meaning given in Minnesota Rules, part 9505.0370, subpart 20.

(p) "Parent" has the meaning given in section 260C.007, subdivision 25.

(q) "Psychoeducation services" means information or demonstration provided to an individual, family, or group to explain, educate, and support the individual, family, or group in understanding a child's symptoms of mental illness, the impact on the child's development, and needed components of treatment and skill development so that the individual, family, or group can help the child to prevent relapse, prevent the acquisition of comorbid disorders, and to achieve optimal mental health and long-term resilience.

(r) "Psychotherapy" has the meaning given in Minnesota Rules, part 9505.0370, subpart 27.

(s) "Team consultation and treatment planning" means the coordination of treatment plans and consultation among providers in a group concerning the treatment needs of the child, including disseminating the child's treatment service schedule to all members of the service team. Team members must include all mental health professionals working with the child, a parent, the child unless the team lead or parent deem it clinically inappropriate, and at least two of the following: an individualized education program case manager; probation agent; children's mental health case manager; child welfare worker, including adoption or guardianship worker; primary care provider; foster parent; and any other member of the child's service team.

Subd. 2. **Determination of client eligibility.** ~~A client's eligibility to receive treatment foster care under this section shall be determined by~~ An eligible recipient is an individual, from birth through age 20, who is currently placed in a foster home licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, and has received a diagnostic assessment~~,~~ and an evaluation of level of care needed, ~~and development of an individual treatment plan,~~ as defined in paragraphs (a) ~~to (c)~~ and (b).

(a) The diagnostic assessment must:

(1) meet criteria described in Minnesota Rules, part 9505.0372, subpart 1, and be conducted by a ~~psychiatrist, licensed psychologist, or licensed independent clinical social worker that is~~ mental health professional or a clinical trainee;

(2) determine whether or not a child meets the criteria for mental illness, as defined in Minnesota Rules, part 9505.0370, subpart 20;

(3) document that intensive treatment services are medically necessary within a foster family setting to ameliorate identified symptoms and functional impairments;

(4) be performed within 180 days ~~prior to~~ before the start of service; and

~~(2) include current diagnoses on all five axes of the client's current mental health status;~~

~~(3) determine whether or not a child meets the criteria for severe emotional disturbance in section 245.4871, subdivision 6, or for serious and persistent mental illness in section 245.462, subdivision 20; and~~

~~(4) be completed annually until age 18. For individuals between age 18 and 21, unless a client's mental health condition has changed markedly since the client's most recent diagnostic assessment, annual updating is necessary. For the purpose of this section, "updating" means a written summary, including current diagnoses on all five axes, by a mental health professional of the client's current mental status and service needs.~~

(5) be completed as either a standard or extended diagnostic assessment annually to determine continued eligibility for the service.

(b) The evaluation of level of care must be conducted by the placing county ~~with an instrument~~, tribe, or case manager in conjunction with the diagnostic assessment as described by Minnesota Rules, part 9505.0372, subpart 1, item B, using a validated tool approved by the commissioner of human services and not subject to the rulemaking process, consistent with section 245.4885, subdivision 1, paragraph (d), the result of which evaluation demonstrates that the child requires intensive intervention without 24-hour medical monitoring. The commissioner shall update the list of approved level of care ~~instruments~~ tools annually and publish on the department's Web site.

~~(c) The individual treatment plan must be:~~

~~(1) based on the information in the client's diagnostic assessment;~~

~~(2) developed through a child-centered, family-driven planning process that identifies service needs and individualized, planned, and culturally appropriate interventions that contain specific measurable treatment goals and objectives for the client and treatment strategies for the client's family and foster family;~~

~~(3) reviewed at least once every 90 days and revised; and~~

~~(4) signed by the client or, if appropriate, by the client's parent or other person authorized by statute to consent to mental health services for the client.~~

Subd. 3. **Eligible mental health services providers.** (a) Eligible providers for intensive children's mental health services in a foster family setting must be certified by the state and have a service provision contract with a county board or a reservation tribal council and must be able to demonstrate the ability to provide all of the services required in this section.

(b) For purposes of this section, a provider agency must ~~have an individual placement agreement for each recipient and must be a licensed child placing agency, under Minnesota Rules, parts 9543.0010 to 9543.0150, and either~~ be:

(1) a ~~county~~ county-operated entity certified by the state;

(2) an Indian Health Services facility operated by a tribe or tribal organization under funding authorized by United States Code, title 25, sections 450f to 450n, or title 3 of the Indian Self-Determination Act, Public Law 93-638, section 638 (facilities or providers); or

(3) a noncounty entity ~~under contract with a county board~~.

(c) Certified providers that do not meet the service delivery standards required in this section shall be subject to a decertification process.

(d) For the purposes of this section, all services delivered to a client must be provided by a mental health professional or a clinical trainee.

Subd. 4. ~~**Eligible provider responsibilities**~~ **Service delivery payment requirements.** (a) To be ~~an~~ eligible ~~provider~~ for payment under this section, a provider must develop and practice written policies and procedures for ~~treatment foster care services~~ intensive treatment in foster care, consistent with subdivision 1, paragraph (b), ~~clauses (1), (2), and (3)~~ and comply with the following requirements in paragraphs (b) to (n).

~~(b) In delivering services under this section, a treatment foster care provider must ensure that staff caseload size reasonably enables the provider to play an active role in service planning, monitoring, delivering, and reviewing for discharge planning to meet the needs of the client, the client's foster family, and the birth family, as specified in each client's individual treatment plan.~~

(b) A qualified clinical supervisor, as defined in and performing in compliance with Minnesota Rules, part 9505.0371, subpart 5, item D, must supervise the treatment and provision of services described in this section.

(c) Each client receiving treatment services must receive an extended diagnostic assessment, as described in Minnesota Rules, part 9505.0372, subpart 1, item C, within 30 days of enrollment in this service unless the client has a previous extended diagnostic assessment that the client, parent, and mental health professional agree still accurately describes the client's current mental health functioning.

(d) Each previous and current mental health, school, and physical health treatment provider must be contacted to request documentation of treatment and assessments that the eligible client has received and this information must be reviewed and incorporated into the diagnostic assessment and team consultation and treatment planning review process.

(e) Each client receiving treatment must be assessed for a trauma history and the client's treatment plan must document how the results of the assessment will be incorporated into treatment.

(f) Each client receiving treatment services must have an individual treatment plan that is reviewed, evaluated, and signed every 90 days using the team consultation and treatment planning process, as defined in subdivision 1a, paragraph (s).

(g) Care consultation, as defined in subdivision 1a, paragraph (a), must be provided in accordance with the client's individual treatment plan.

(h) Each client must have a crisis assistance plan within ten days of initiating services and must have access to clinical phone support 24 hours per day, seven days per week, during the course of treatment, and the crisis plan must demonstrate coordination with the local or regional mobile crisis intervention team.

(i) Services must be delivered and documented at least three days per week, equaling at least six hours of treatment per week, unless reduced units of service are specified on the treatment plan as part of transition or on a discharge plan to another service or level of care. Documentation must comply with Minnesota Rules, parts 9505.2175 and 9505.2197.

(j) Location of service delivery must be in the client's home, day care setting, school, or other community-based setting that is specified on the client's individualized treatment plan.

(k) Treatment must be developmentally and culturally appropriate for the client.

(l) Services must be delivered in continual collaboration and consultation with the client's medical providers and, in particular, with prescribers of psychotropic medications, including those prescribed on an off-label basis, and members of the service team must be aware of the medication regimen and potential side effects.

(m) Parents, siblings, foster parents, and members of the child's permanency plan must be involved in treatment and service delivery unless otherwise noted in the treatment plan.

(n) Transition planning for the child must be conducted starting with the first treatment plan and must be addressed throughout treatment to support the child's permanency plan and postdischarge mental health service needs.

Subd. 5. **Service authorization.** The commissioner will administer authorizations for services under this section in compliance with section 256B.0625, subdivision 25.

Subd. 6. **Excluded services.** (a) Services in clauses (1) to ~~(4)~~ (7) are not covered under this section and are not eligible for medical assistance payment as components of intensive treatment in foster care services, but may be billed separately:

~~(1) treatment foster care services provided in violation of medical assistance policy in Minnesota Rules, part 9505.0220;~~

~~(2) service components of children's therapeutic services and supports simultaneously provided by more than one treatment foster care provider;~~

~~(3) home and community-based waiver services; and~~

~~(4) treatment foster care services provided to a child without a level of care determination according to section 245.4885, subdivision 1.~~

(1) inpatient psychiatric hospital treatment;

(2) mental health targeted case management;

(3) partial hospitalization;

(4) medication management;

(5) children's mental health day treatment services;

(6) crisis response services under section 256B.0944; and

(7) transportation.

(b) Children receiving intensive treatment in foster care services are not eligible for medical assistance reimbursement for the following services while receiving intensive treatment in foster care:

~~(1) mental health case management services under section 256B.0625, subdivision 20; and~~

~~(2)~~ (1) psychotherapy and ~~skill~~ skills training components of children's therapeutic services and supports under section 256B.0625, subdivision 35b~~.~~;

(2) mental health behavioral aide services as defined in section 256B.0943, subdivision 1, paragraph (m);

(3) home and community-based waiver services;

(4) mental health residential treatment; and

(5) room and board costs as defined in section 256I.03, subdivision 6.

Subd. 7. **Medical assistance payment and rate setting.** The commissioner shall establish a single daily per-client encounter rate for intensive treatment in foster care services. The rate must be constructed to cover only eligible services delivered to an eligible recipient by an eligible provider, as prescribed in subdivision 1, paragraph (b).

Sec. 16. Minnesota Statutes 2012, section 256B.49, is amended by adding a subdivision to read:

Subd. 24. **Waiver allocations for transition populations.** (a) The commissioner shall make available additional waiver allocations and additional necessary resources to assure timely discharges from the Anoka Metro Regional Treatment Center and the Minnesota Security Hospital in St. Peter for individuals who meet the following criteria:

(1) are otherwise eligible for the brain injury, community alternatives for disabled individuals, or community alternative care waivers under this section;

(2) who would otherwise remain at the Anoka Metro Regional Treatment Center or the Minnesota Security Hospital;

(3) whose discharge would be significantly delayed without the available waiver allocation; and

(4) who have met treatment objectives and no longer meet hospital level of care.

(b) Additional waiver allocations under this subdivision must meet cost-effectiveness requirements of the federal approved waiver plan.

(c) Any corporate foster care home developed under this subdivision must be considered an exception under section 245A.03, subdivision 7, paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2015.

Sec. 17. Minnesota Statutes 2012, section 256B.761, is amended to read:

256B.761 REIMBURSEMENT FOR MENTAL HEALTH SERVICES.

(a) Effective for services rendered on or after July 1, 2001, payment for medication management provided to psychiatric patients, outpatient mental health services, day treatment services, home-based mental health services, and family community support services shall be paid at the lower of (1) submitted charges, or (2) 75.6 percent of the 50th percentile of 1999 charges.

(b) Effective July 1, 2001, the medical assistance rates for outpatient mental health services provided by an entity that operates: (1) a Medicare-certified comprehensive outpatient rehabilitation facility; and (2) a facility that was certified prior to January 1, 1993, with at least 33 percent of the clients receiving rehabilitation services in the most recent calendar year who are medical assistance recipients, will be increased by 38 percent, when those services are provided within the comprehensive outpatient rehabilitation facility and provided to residents of nursing facilities owned by the entity.

(c) The commissioner shall establish three levels of payment for mental health diagnostic assessment, based on three levels of complexity. The aggregate payment under the tiered rates must not exceed the projected aggregate payments for mental health diagnostic assessment under the previous single rate. The new rate structure is effective January 1, 2011, or upon federal approval, whichever is later.

(d) In addition to rate increases otherwise provided, the commissioner may restructure coverage policy and rates to improve access to adult rehabilitative mental health services under section 256B.0623 and related mental health support services under section 256B.021, subdivision 4, paragraph (f), clause (2). For state fiscal years 2015 and 2016, the projected state share of increased costs due to this paragraph is transferred from adult mental health grants under sections 245.4661 and 256E.12. The transfer for fiscal year 2016 is a permanent base adjustment for subsequent fiscal years. Payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the rate changes described in this paragraph.

Sec. 18. **STATE ASSISTANCE TO COUNTIES; TRANSITIONS FOR HIGH NEEDS POPULATIONS.**

(a) Effective immediately, the commissioner of human services shall work with counties that request assistance to assure timely discharge from Anoka Metro Regional Treatment Center and the Minnesota Security Hospital for individuals who are ready for discharge but for whom the county may not have provider resources or appropriate placement available. Special consideration must be given to uninsured individuals who are not eligible for medical assistance and who may need continued treatment, and individuals with complex needs and other factors that hinder county efforts to place the individual in a safe, affordable setting.

(b) The commissioner shall assure that, given Olmstead court directives and the role family and friends play in treatment progress, metropolitan area residents are asked whether they wished to be placed in an Intensive Residential Treatment Service program at Willmar or Cambridge or to be placed in a location more accessible to family, friends, and health providers.

Sec. 19. **INSTRUCTIONS TO THE COMMISSIONER.**

In consultation with labor organizations, the commissioner of human services shall develop clear and consistent standards for state-operated services programs to:

(1) address direct service staffing shortages;

(2) identify and help resolve workplace safety issues; and

(3) elevate the use and visibility of performance measures and objectives related to overtime use.

ARTICLE 5
DEPARTMENT OF HUMAN SERVICES PROGRAM INTEGRITY

Section 1. Minnesota Statutes 2012, section 243.166, subdivision 7, is amended to read:

Subd. 7. **Use of data.** (a) Except as otherwise provided in subdivision 7a or sections 244.052 and 299C.093, the data provided under this section is private data on individuals under section 13.02, subdivision 12.

(b) The data may be used only ~~for~~ by law enforcement and corrections agencies for law enforcement and corrections purposes.

(c) The commissioner of human services is authorized to have access to the data for:

(1) state-operated services, as defined in section 246.014, ~~are also authorized to have access to the data~~ for the purposes described in section 246.13, subdivision 2, paragraph (b) ; and

(2) purposes of completing background studies under chapter 245C.

Sec. 2. Minnesota Statutes 2012, section 245C.04, is amended by adding a subdivision to read:

Subd. 4a. **Agency background studies.** (a) The commissioner shall develop and implement an electronic process for the regular transfer of new criminal history information that is added to the Minnesota court information system. The commissioner's system must include for review only information that relates to individuals who have been the subject of a background study under this chapter that remain affiliated with the agency that initiated the background study. For purposes of this paragraph, an individual remains affiliated with an agency that initiated the background study until the agency informs the commissioner that the individual is no longer affiliated. When any individual no longer affiliated according to this paragraph returns to a position requiring a background study under this chapter, the agency with whom the individual is again affiliated shall initiate a new background study regardless of the length of time the individual was no longer affiliated with the agency.

(b) The commissioner shall develop and implement an online system for agencies that initiate background studies under this chapter to access and maintain records of background studies initiated by that agency. The system must show all active background study subjects affiliated with that agency and the status of each individual's background study. Each agency that initiates background studies must use this system to notify the commissioner of discontinued affiliation for purposes of the processes required under paragraph (a).

Sec. 3. Minnesota Statutes 2012, section 245C.08, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by Department of Human Services.** (a) For a background study conducted by the Department of Human Services, the commissioner shall review:

(1) information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (j);

(2) the commissioner's records relating to the maltreatment of minors in licensed programs, and from findings of maltreatment of minors as indicated through the social service information system;

(3) information from juvenile courts as required in subdivision 4 for individuals listed in section 245C.03, subdivision 1, paragraph (a), when there is reasonable cause;

(4) information from the Bureau of Criminal Apprehension, including information regarding a background study subject's registration in Minnesota as a predatory offender under section 243.166;

(5) except as provided in clause (6), information from the national crime information system when the commissioner has reasonable cause as defined under section 245C.05, subdivision 5; and

(6) for a background study related to a child foster care application for licensure or adoptions, the commissioner shall also review:

(i) information from the child abuse and neglect registry for any state in which the background study subject has resided for the past five years; and

(ii) information from national crime information databases, when the background study subject is 18 years of age or older.

(b) Notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner.

(c) The commissioner shall also review criminal history information received according to section 245C.04, subdivision 4a, from the Minnesota court information system that relates to individuals who have already been studied under this chapter and who remain affiliated with the agency that initiated the background study.

Sec. 4. Minnesota Statutes 2012, section 256B.04, subdivision 21, is amended to read:

Subd. 21. **Provider enrollment.** (a) If the commissioner or the Centers for Medicare and Medicaid Services determines that a provider is designated "high-risk," the commissioner may withhold payment from providers within that category upon initial enrollment for a 90-day period. The withholding for each provider must begin on the date of the first submission of a claim.

(b) An enrolled provider that is also licensed by the commissioner under chapter 245A must designate an individual as the entity's compliance officer. The compliance officer must:

(1) develop policies and procedures to assure adherence to medical assistance laws and regulations and to prevent inappropriate claims submissions;

(2) train the employees of the provider entity, and any agents or subcontractors of the provider entity including billers, on the policies and procedures under clause (1);

(3) respond to allegations of improper conduct related to the provision or billing of medical assistance services, and implement action to remediate any resulting problems;

(4) use evaluation techniques to monitor compliance with medical assistance laws and regulations;

(5) promptly report to the commissioner any identified violations of medical assistance laws or regulations; and

(6) within 60 days of discovery by the provider of a medical assistance reimbursement overpayment, report the overpayment to the commissioner and make arrangements with the commissioner for the commissioner's recovery of the overpayment.

The commissioner may require, as a condition of enrollment in medical assistance, that a provider within a particular industry sector or category establish a compliance program that contains the core elements established by the Centers for Medicare and Medicaid Services.

(c) The commissioner may revoke the enrollment of an ordering or rendering provider for a period of not more than one year, if the provider fails to maintain and, upon request from the commissioner, provide access to documentation relating to written orders or requests for payment for durable medical equipment, certifications for home health services, or referrals for other items or services written or ordered by such provider, when the commissioner has identified a pattern of a lack of documentation. A pattern means a failure to maintain documentation or provide access to documentation on more than one occasion. Nothing in this paragraph limits the authority of the commissioner to sanction a provider under the provisions of section 256B.064.

(d) The commissioner shall terminate or deny the enrollment of any individual or entity if the individual or entity has been terminated from participation in Medicare or under the Medicaid program or Children's Health Insurance Program of any other state.

(e) As a condition of enrollment in medical assistance, the commissioner shall require that a provider designated "moderate" or "high-risk" by the Centers for Medicare and Medicaid Services or the ~~Minnesota Department of Human Services~~ commissioner permit the Centers for Medicare and Medicaid Services, its agents, or its designated contractors and the state agency, its agents, or its designated contractors to conduct unannounced on-site inspections of any provider location. The commissioner shall publish in the Minnesota Health Care Program Provider Manual a list of provider types designated "limited," "moderate," or "high-risk," based on the criteria and standards used to designate Medicare providers in Code of Federal Regulations, title 42, section 424.518. The list and criteria are not subject to the requirements of chapter 14. The commissioner's designations are not subject to administrative appeal.

(f) As a condition of enrollment in medical assistance, the commissioner shall require that a high-risk provider, or a person with a direct or indirect ownership interest in the provider of five percent or higher, consent to criminal background checks, including fingerprinting, when required to do so under state law or by a determination by the commissioner or the Centers for Medicare and Medicaid Services that a provider is designated high-risk for fraud, waste, or abuse.

(g) As a condition of enrollment, all durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) suppliers operating in Minnesota are required to name the Department of Human Services, in addition to the Centers for Medicare and Medicaid Services, as an obligee on all surety performance bonds required pursuant to section 4312(a) of the Balanced Budget Act of 1997, Public Law 105-33, amending Social Security Act, section 1834(a). The performance bond must also allow for recovery of costs and fees in pursuing a claim on the bond.

(h) The Department of Human Services may require a provider to purchase a performance surety bond as a condition of initial enrollment, reenrollment, reinstatement, or continued enrollment if: (1) the provider fails to demonstrate financial viability, (2) the department determines there is significant evidence of or potential for fraud and abuse by the provider, or (3) the provider or category of providers is designated high-risk pursuant to paragraph (a) and as per Code of Federal Regulations, title 42, section 455.450, or the department otherwise finds it is in the best interest of the Medicaid program to do so. The performance bond must be in an amount of $100,000 or ten

percent of the provider's payments from Medicaid during the immediately preceding 12 months, whichever is greater. The performance bond must name the Department of Human Services as an obligee and must allow for recovery of costs and fees in pursuing a claim on the bond.

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

Sec. 5. Minnesota Statutes 2012, section 256B.04, is amended by adding a subdivision to read:

Subd. 22. **Application fee.** (a) The commissioner must collect and retain federally required nonrefundable application fees to pay for provider screening activities in accordance with Code of Federal Regulations, title 42, section 455, subpart E. The enrollment application must be made under the procedures specified by the commissioner, in the form specified by the commissioner, and accompanied by an application fee described in paragraph (b), or a request for a hardship exception as described in the specified procedures. Application fees must be deposited in the provider screening account in the special revenue fund. Amounts in the provider screening account are appropriated to the commissioner for costs associated with the provider screening activities required in Code of Federal Regulations, title 42, section 455, subpart E. The commissioner shall conduct screening activities as required by Code of Federal Regulations, title 42, section 455, subpart E, and as otherwise provided by law, to include database checks, unannounced pre- and postenrollment site visits, fingerprinting, and criminal background studies. The commissioner must revalidate all providers under this subdivision at least once every five years.

(b) The application fee under this subdivision is $532 for the calendar year 2013. For calendar year 2014 and subsequent years, the fee:

(1) is adjusted by the percentage change to the consumer price index for all urban consumers, United States city average, for the 12-month period ending with June of the previous year. The resulting fee must be announced in the Federal Register;

(2) is effective from January 1 to December 31 of a calendar year;

(3) is required on the submission of an initial application, an application to establish a new practice location, an application for re-enrollment when the provider is not enrolled at the time of application of re-enrollment, or at revalidation when required by federal regulation; and

(4) must be in the amount in effect for the calendar year during which the application for enrollment, new practice location, or re-enrollment is being submitted.

(c) The application fee under this subdivision cannot be charged to:

(1) providers who are enrolled in Medicare or who provide documentation of payment of the fee to, and enrollment with, another state;

(2) providers who are enrolled but are required to submit new applications for purposes of re-enrollment; or

(3) a provider who enrolls as an individual.

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

Sec. 6. Minnesota Statutes 2012, section 256B.064, subdivision 1a, is amended to read:

Subd. 1a. **Grounds for sanctions against vendors.** The commissioner may impose sanctions against a vendor of medical care for any of the following: (1) fraud, theft, or abuse in connection with the provision of medical care to recipients of public assistance; (2) a pattern of presentment of false or duplicate claims or claims for services not

medically necessary; (3) a pattern of making false statements of material facts for the purpose of obtaining greater compensation than that to which the vendor is legally entitled; (4) suspension or termination as a Medicare vendor; (5) refusal to grant the state agency access during regular business hours to examine all records necessary to disclose the extent of services provided to program recipients and appropriateness of claims for payment; (6) failure to repay an overpayment or a fine finally established under this section; ~~and~~ (7) failure to correct errors in the maintenance of health service or financial records for which a fine was imposed or after issuance of a warning by the commissioner; and (8) any reason for which a vendor could be excluded from participation in the Medicare program under section 1128, 1128A, or 1866(b)(2) of the Social Security Act. The determination of services not medically necessary may be made by the commissioner in consultation with a peer advisory task force appointed by the commissioner on the recommendation of appropriate professional organizations. The task force expires as provided in section 15.059, subdivision 5.

Sec. 7. Minnesota Statutes 2012, section 256B.064, subdivision 1b, is amended to read:

Subd. 1b. **Sanctions available.** The commissioner may impose the following sanctions for the conduct described in subdivision 1a: suspension or withholding of payments to a vendor and suspending or terminating participation in the program, or imposition of a fine under subdivision 2, paragraph (f). When imposing sanctions under this section, the commissioner shall consider the nature, chronicity, or severity of the conduct and the effect of the conduct on the health and safety of persons served by the vendor. Regardless of imposition of sanctions, the commissioner may make a referral to the appropriate state licensing board.

Sec. 8. Minnesota Statutes 2012, section 256B.064, subdivision 2, is amended to read:

Subd. 2. **Imposition of monetary recovery and sanctions.** (a) The commissioner shall determine any monetary amounts to be recovered and sanctions to be imposed upon a vendor of medical care under this section. Except as provided in paragraphs (b) and (d), neither a monetary recovery nor a sanction will be imposed by the commissioner without prior notice and an opportunity for a hearing, according to chapter 14, on the commissioner's proposed action, provided that the commissioner may suspend or reduce payment to a vendor of medical care, except a nursing home or convalescent care facility, after notice and prior to the hearing if in the commissioner's opinion that action is necessary to protect the public welfare and the interests of the program.

(b) Except when the commissioner finds good cause not to suspend payments under Code of Federal Regulations, title 42, section 455.23 (e) or (f), the commissioner shall withhold or reduce payments to a vendor of medical care without providing advance notice of such withholding or reduction if either of the following occurs:

(1) the vendor is convicted of a crime involving the conduct described in subdivision 1a; or

(2) the commissioner determines there is a credible allegation of fraud for which an investigation is pending under the program. A credible allegation of fraud is an allegation which has been verified by the state, from any source, including but not limited to:

(i) fraud hotline complaints;

(ii) claims data mining; and

(iii) patterns identified through provider audits, civil false claims cases, and law enforcement investigations.

Allegations are considered to be credible when they have an indicia of reliability and the state agency has reviewed all allegations, facts, and evidence carefully and acts judiciously on a case-by-case basis.

(c) The commissioner must send notice of the withholding or reduction of payments under paragraph (b) within five days of taking such action unless requested in writing by a law enforcement agency to temporarily withhold the notice. The notice must:

(1) state that payments are being withheld according to paragraph (b);

(2) set forth the general allegations as to the nature of the withholding action, but need not disclose any specific information concerning an ongoing investigation;

(3) except in the case of a conviction for conduct described in subdivision 1a, state that the withholding is for a temporary period and cite the circumstances under which withholding will be terminated;

(4) identify the types of claims to which the withholding applies; and

(5) inform the vendor of the right to submit written evidence for consideration by the commissioner.

The withholding or reduction of payments will not continue after the commissioner determines there is insufficient evidence of fraud by the vendor, or after legal proceedings relating to the alleged fraud are completed, unless the commissioner has sent notice of intention to impose monetary recovery or sanctions under paragraph (a).

(d) The commissioner shall suspend or terminate a vendor's participation in the program without providing advance notice and an opportunity for a hearing when the suspension or termination is required because of the vendor's exclusion from participation in Medicare. Within five days of taking such action, the commissioner must send notice of the suspension or termination. The notice must:

(1) state that suspension or termination is the result of the vendor's exclusion from Medicare;

(2) identify the effective date of the suspension or termination; and

(3) inform the vendor of the need to be reinstated to Medicare before reapplying for participation in the program.

(e) Upon receipt of a notice under paragraph (a) that a monetary recovery or sanction is to be imposed, a vendor may request a contested case, as defined in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal. The appeal request must be received by the commissioner no later than 30 days after the date the notification of monetary recovery or sanction was mailed to the vendor. The appeal request must specify:

(1) each disputed item, the reason for the dispute, and an estimate of the dollar amount involved for each disputed item;

(2) the computation that the vendor believes is correct;

(3) the authority in statute or rule upon which the vendor relies for each disputed item;

(4) the name and address of the person or entity with whom contacts may be made regarding the appeal; and

(5) other information required by the commissioner.

(f) The commissioner may order a vendor to forfeit a fine for failure to fully document services according to standards in this chapter and Minnesota Rules, chapter 9505. Fines may be assessed when the commissioner has no evidence that services were not provided and services are partially documented in the health service or financial record, but specific required components of documentation are missing. The fine for incomplete documentation shall equal 20 percent of the amount paid on the claims for reimbursement submitted by the vendor, or up to $5,000, whichever is less.

(g) The vendor shall pay the fine assessed on or before the payment date specified. If the vendor fails to pay the fine, the commissioner may withhold or reduce payments and recover the amount of the fine. A timely appeal shall stay payment of the fine until the commissioner issues a final order.

Sec. 9. Minnesota Statutes 2012, section 256B.0659, subdivision 21, is amended to read:

Subd. 21. **Requirements for initial enrollment of personal care assistance provider agencies.** (a) All personal care assistance provider agencies must provide, at the time of enrollment as a personal care assistance provider agency in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) the personal care assistance provider agency's current contact information including address, telephone number, and e-mail address;

(2) proof of surety bond coverage in the amount of ~~$50,000~~ $100,000 or ten percent of the provider's payments from Medicaid in the previous year, whichever is ~~less~~ more. The performance bond must be in a form approved by the commissioner, must be renewed annually, and must allow for recovery of costs and fees in pursuing a claim on the bond;

(3) proof of fidelity bond coverage in the amount of $20,000;

(4) proof of workers' compensation insurance coverage;

(5) proof of liability insurance;

(6) a description of the personal care assistance provider agency's organization identifying the names of all owners, managing employees, staff, board of directors, and the affiliations of the directors, owners, or staff to other service providers;

(7) a copy of the personal care assistance provider agency's written policies and procedures including: hiring of employees; training requirements; service delivery; and employee and consumer safety including process for notification and resolution of consumer grievances, identification and prevention of communicable diseases, and employee misconduct;

(8) copies of all other forms the personal care assistance provider agency uses in the course of daily business including, but not limited to:

(i) a copy of the personal care assistance provider agency's time sheet if the time sheet varies from the standard time sheet for personal care assistance services approved by the commissioner, and a letter requesting approval of the personal care assistance provider agency's nonstandard time sheet;

(ii) the personal care assistance provider agency's template for the personal care assistance care plan; and

(iii) the personal care assistance provider agency's template for the written agreement in subdivision 20 for recipients using the personal care assistance choice option, if applicable;

(9) a list of all training and classes that the personal care assistance provider agency requires of its staff providing personal care assistance services;

(10) documentation that the personal care assistance provider agency and staff have successfully completed all the training required by this section;

(11) documentation of the agency's marketing practices;

(12) disclosure of ownership, leasing, or management of all residential properties that is used or could be used for providing home care services;

(13) documentation that the agency will use the following percentages of revenue generated from the medical assistance rate paid for personal care assistance services for employee personal care assistant wages and benefits: 72.5 percent of revenue in the personal care assistance choice option and 72.5 percent of revenue from other personal care assistance providers. The revenue generated by the qualified professional and the reasonable costs associated with the qualified professional shall not be used in making this calculation; and

(14) effective May 15, 2010, documentation that the agency does not burden recipients' free exercise of their right to choose service providers by requiring personal care assistants to sign an agreement not to work with any particular personal care assistance recipient or for another personal care assistance provider agency after leaving the agency and that the agency is not taking action on any such agreements or requirements regardless of the date signed.

(b) Personal care assistance provider agencies shall provide the information specified in paragraph (a) to the commissioner at the time the personal care assistance provider agency enrolls as a vendor or upon request from the commissioner. The commissioner shall collect the information specified in paragraph (a) from all personal care assistance providers beginning July 1, 2009.

(c) All personal care assistance provider agencies shall require all employees in management and supervisory positions and owners of the agency who are active in the day-to-day management and operations of the agency to complete mandatory training as determined by the commissioner before enrollment of the agency as a provider. Employees in management and supervisory positions and owners who are active in the day-to-day operations of an agency who have completed the required training as an employee with a personal care assistance provider agency do not need to repeat the required training if they are hired by another agency, if they have completed the training within the past three years. By September 1, 2010, the required training must be available with meaningful access according to title VI of the Civil Rights Act and federal regulations adopted under that law or any guidance from the United States Health and Human Services Department. The required training must be available online or by electronic remote connection. The required training must provide for competency testing. Personal care assistance provider agency billing staff shall complete training about personal care assistance program financial management. This training is effective July 1, 2009. Any personal care assistance provider agency enrolled before that date shall, if it has not already, complete the provider training within 18 months of July 1, 2009. Any new owners or employees in management and supervisory positions involved in the day-to-day operations are required to complete mandatory training as a requisite of working for the agency. Personal care assistance provider agencies certified for participation in Medicare as home health agencies are exempt from the training required in this subdivision. When available, Medicare-certified home health agency owners, supervisors, or managers must successfully complete the competency test.

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

ARTICLE 6
HEALTH CARE

Section 1. Minnesota Statutes 2012, section 256.9657, subdivision 2, is amended to read:

Subd. 2. **Hospital surcharge.** (a) Effective October 1, 1992, each Minnesota hospital except facilities of the federal Indian Health Service and regional treatment centers shall pay to the medical assistance account a surcharge equal to 1.4 percent of net patient revenues excluding net Medicare revenues reported by that provider to the health care cost information system according to the schedule in subdivision 4.

(b) Effective July 1, 1994, the surcharge under paragraph (a) is increased to 1.56 percent.

(c) Effective July 1, 2013, the surcharge under paragraph (b) is increased to 2.68 percent for all nongovernment-owned hospitals.

(d) Notwithstanding the Medicare cost finding and allowable cost principles, the hospital surcharge is not an allowable cost for purposes of rate setting under sections 256.9685 to 256.9695.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 256.9685, subdivision 2, is amended to read:

Subd. 2. **Federal requirements.** (a) If it is determined that a provision of this section or section 256.9686, 256.969, or 256.9695 conflicts with existing or future requirements of the United States government with respect to federal financial participation in medical assistance, the federal requirements prevail. The commissioner may, ~~in the aggregate,~~ prospectively and retrospectively, reduce payment rates and payments to avoid reduced federal financial participation resulting from rates and payments determined by the commissioner that are in excess of the Medicare upper payment limitations.

(b) For rates and payments determined by the commissioner to be in excess of the Medicare upper payment limits for the nongovernment-owned limit category, rates and payments shall be reduced to the limits according to clauses (1) to (4):

(1) rates and payments under section 256.969, subdivision 3a, paragraph (j), shall be reduced proportionately;

(2) if rates and payments remain above the limit, medical education payments under section 62J.692, subdivision 8, shall be the first reduction for the government-owned limit category;

(3) if rates and payments remain above the limit, rates and payments not included under clause (1) shall be reduced in total; and

(4) the state share of payments under clauses (1) and (2) shall be returned to the hospital.

Sec. 3. Minnesota Statutes 2012, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. **Payments.** (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third-party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. ~~This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991.~~ Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of

the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service admissions occurring on or after July 1, 2003, made to hospitals for inpatient services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432, and facilities defined under subdivision 16 are excluded from this paragraph.

(d) In addition to the reduction in paragraphs (b) and (c), the total payment for fee-for-service admissions occurring on or after August 1, 2005, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 6.0 percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. ~~Notwithstanding section 256.9686, subdivision 7, for purposes of this paragraph, medical assistance does not include general assistance medical care.~~ Payments made to managed care plans shall be reduced for services provided on or after January 1, 2006, to reflect this reduction.

(e) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2008, through June 30, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 3.46 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2009, through June 30, 2009, to reflect this reduction.

(f) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2009, through June 30, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.9 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2009, through June 30, 2011, to reflect this reduction.

(g) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.79 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2011, to reflect this reduction.

(h) In addition to the reductions in paragraphs (b), (c), (d), (f), and (g), the total payment for fee-for-service admissions occurring on or after July 1, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced one percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after October 1, 2009, to reflect this reduction.

(i) In addition to the reductions in paragraphs (b), (c), (d), (g), and (h), the total payment for fee-for-service admissions occurring on or after July 1, 2011, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.96 percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2011, to reflect this reduction.

(j) In order to offset the rateable reductions provided for in this subdivision, the total payment rate for medical assistance admissions for nongovernment-owned hospitals occurring on or after July 1, 2013, made to Minnesota hospitals for inpatient services before third-party liability and spenddown, shall be increased by 30 percent from the current statutory rates. The commissioner shall not adjust rates paid to a prepaid health plan under contract with the commissioner to reflect payments provided in this paragraph. The commissioner shall adjust rates and payments in excess of the Medicare upper limits on payments according to section 256.9685, subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 256.969, subdivision 29, is amended to read:

Subd. 29. **Reimbursement for the fee increase for the early hearing detection and intervention program.** (a) For admissions occurring on or after July 1, 2010, payment rates shall be adjusted to include the increase to the fee that is effective on July 1, 2010, for the early hearing detection and intervention program recipients under section 144.125, subdivision 1, that is paid by the hospital for public program recipients. This payment increase shall be in effect until the increase is fully recognized in the base year cost under subdivision 2b. This payment shall be included in payments to contracted managed care organizations.

(b) For admissions occurring on or after July 1, 2013, payment rates shall be adjusted to include the increase to the fee that is effective July 1, 2013, for the early hearing detection and intervention program recipients under section 144.125, subdivision 1, that is paid by the hospital for public program recipients. This payment increase shall be in effect until the increase is fully recognized in the base year cost under subdivision 2b. This payment shall be included in payments to contracted managed care organizations.

Sec. 5. Minnesota Statutes 2012, section 256B.055, subdivision 14, is amended to read:

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

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

(c) An individual, regardless of age, who is considered an inmate of a public institution as defined in Code of Federal Regulations, title 42, section 435.1010, and who meets the eligibility requirements in section 256B.056, is not eligible for medical assistance, except for covered services received while an inpatient in a medical institution as defined in the Code of Federal Regulations, title 42, section 435.1010. Security issues related to the inpatient treatment of an inmate are the responsibility of the entity with jurisdiction over the inmate.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 6. Minnesota Statutes 2012, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

(1) admitted for lawful permanent residence according to United States Code, title 8;

(2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;

(3) granted asylum according to United States Code, title 8, section 1158;

(4) granted withholding of deportation according to United States Code, title 8, section 1253(h);

(5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);

(6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);

(7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;

(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or

(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

(d) Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

(1) refugees admitted to the United States according to United States Code, title 8, section 1157;

(2) persons granted asylum according to United States Code, title 8, section 1158;

(3) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);

(4) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or

(5) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or who are lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.

(e) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs (f) to (h). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

(f) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition.

(g) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

(h)(1) Notwithstanding paragraph (g), services that are necessary for the treatment of an emergency medical condition are limited to the following:

(i) services delivered in an emergency room or by an ambulance service licensed under chapter 144E that are directly related to the treatment of an emergency medical condition;

(ii) services delivered in an inpatient hospital setting following admission from an emergency room or clinic for an acute emergency condition; and

(iii) follow-up services that are directly related to the original service provided to treat the emergency medical condition and are covered by the global payment made to the provider.

(2) Services for the treatment of emergency medical conditions do not include:

(i) services delivered in an emergency room or inpatient setting to treat a nonemergency condition;

(ii) organ transplants, stem cell transplants, and related care;

(iii) services for routine prenatal care;

(iv) continuing care, including long-term care, nursing facility services, home health care, adult day care, day training, or supportive living services;

(v) elective surgery;

(vi) outpatient prescription drugs, unless the drugs are administered or dispensed as part of an emergency room visit;

(vii) preventative health care and family planning services;

~~(viii) dialysis;~~

~~(ix) chemotherapy or therapeutic radiation services;~~

~~(x)~~ (viii) rehabilitation services;

~~(xi)~~ (ix) physical, occupational, or speech therapy;

~~(xii)~~ (x) transportation services;

~~(xiii)~~ (xi) case management;

~~(xiv)~~ (xii) prosthetics, orthotics, durable medical equipment, or medical supplies;

~~(xv)~~ (xiii) dental services;

~~(xvi)~~ (xiv) hospice care;

~~(xvii)~~ (xv) audiology services and hearing aids;

~~(xviii)~~ (xvi) podiatry services;

~~(xix)~~ (xvii) chiropractic services;

~~(xx)~~ (xviii) immunizations;

~~(xxi)~~ (xix) vision services and eyeglasses;

~~(xxii)~~ (xx) waiver services;

~~(xxiii)~~ (xxi) individualized education programs; or

~~(xxiv)~~ (xxii) chemical dependency treatment.

(i) Beginning July 1, 2009, pregnant noncitizens who are undocumented, nonimmigrants, or lawfully present in the United States as defined in Code of Federal Regulations, title 8, section 103.12, are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 60 days postpartum, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program.

(j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance.

(k) Notwithstanding paragraph (h), clause (2), the following services are covered as emergency medical conditions under paragraph (f) except where coverage is prohibited under federal law:

(1) dialysis services provided in a hospital or freestanding dialysis facility; and

(2) surgery and the administration of chemotherapy, radiation, and related services necessary to treat cancer if the recipient has a cancer diagnosis that is not in remission and requires surgery, chemotherapy, or radiation treatment.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 7. Minnesota Statutes 2012, section 256B.0625, subdivision 9, is amended to read:

Subd. 9. **Dental services.** (a) Medical assistance covers dental services.

(b) Medical assistance dental coverage for nonpregnant adults is limited to the following services:

(1) comprehensive exams, limited to once every five years;

(2) periodic exams, limited to one per year;

(3) limited exams;

(4) bitewing x-rays, limited to one per year;

(5) periapical x-rays;

(6) panoramic x-rays, limited to one every five years except (1) when medically necessary for the diagnosis and follow-up of oral and maxillofacial pathology and trauma or (2) once every two years for patients who cannot cooperate for intraoral film due to a developmental disability or medical condition that does not allow for intraoral film placement;

(7) prophylaxis, limited to one per year;

(8) application of fluoride varnish, limited to one per year;

(9) posterior fillings, all at the amalgam rate;

(10) anterior fillings;

(11) endodontics, limited to root canals on the anterior and premolars only;

(12) removable prostheses, each dental arch limited to one every six years;

(13) oral surgery, limited to extractions, biopsies, and incision and drainage of abscesses;

(14) palliative treatment and sedative fillings for relief of pain; and

(15) full-mouth debridement, limited to one every five years.

(c) In addition to the services specified in paragraph (b), medical assistance covers the following services for adults, if provided in an outpatient hospital setting or freestanding ambulatory surgical center as part of outpatient dental surgery:

(1) periodontics, limited to periodontal scaling and root planing once every two years;

(2) general anesthesia; and

(3) full-mouth survey once every five years.

(d) Medical assistance covers medically necessary dental services for children and pregnant women. The following guidelines apply:

(1) posterior fillings are paid at the amalgam rate;

(2) application of sealants are covered once every five years per permanent molar for children only;

(3) application of fluoride varnish is covered once every six months; and

(4) orthodontia is eligible for coverage for children only.

(e) In addition to the services specified in paragraphs (b) and (c), medical assistance covers the following services for adults:

(1) house calls or extended care facility calls for on-site delivery of covered services;

(2) behavioral management when additional staff time is required to accommodate behavioral challenges and sedation is not used;

(3) oral or IV sedation, if the covered dental service cannot be performed safely without it or would otherwise require the service to be performed under general anesthesia in a hospital or surgical center; and

(4) prophylaxis, in accordance with an appropriate individualized treatment plan, but no more than four times per year.

Sec. 8. Minnesota Statutes 2012, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs or the maximum allowable cost by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be $3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be $8 per bag, $14 per bag for cancer chemotherapy products, and $30 per bag for total parenteral nutritional products dispensed in one liter quantities, or $44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner at wholesale acquisition cost plus four percent for independently owned pharmacies located in a designated rural area within Minnesota, and at wholesale acquisition cost plus two percent for all other pharmacies. A pharmacy is "independently owned" if it is one of four or fewer pharmacies under the same ownership nationally. A "designated rural area" means an area defined as a small rural area or isolated rural area according to the four-category classification of the Rural Urban Commuting Area system developed for the United States Health Resources and Services Administration. The actual acquisition cost of a drug acquired through the federal 340B Drug Pricing Program shall be estimated by the commissioner at wholesale acquisition cost minus 44 percent. Wholesale acquisition cost is defined as the manufacturer's list price for a drug or biological to wholesalers or direct purchasers in the United States, not including prompt pay or other discounts, rebates, or reductions in price, for the most recent month for which information is available, as reported in wholesale price guides or other publications of drug or biological pricing data. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

(b) An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug.

The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.

(c) Whenever a maximum allowable cost has been set for a multisource drug, payment shall be the lower of the usual and customary price charged to the public or the maximum allowable cost established by the commissioner unless prior authorization for the brand name product has been granted according to the criteria established by the Drug Formulary Committee as required by subdivision 13f, paragraph (a), and the prescriber has indicated "dispense as written" on the prescription in a manner consistent with section 151.21, subdivision 2.

(d) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider ~~or,~~ 106 percent of the average sales price as determined by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. If average sales price is unavailable, the amount of payment must be lower of the usual and customary cost submitted by the provider ~~or,~~ the wholesale acquisition cost, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. The commissioner shall discount the payment rate for drugs obtained through the federal 340B Drug Pricing Program by 33 percent. The payment for drugs administered in an outpatient setting shall be made to the administering facility or practitioner. A retail or specialty pharmacy dispensing a drug for administration in an outpatient setting is not eligible for direct reimbursement.

(e) The commissioner may negotiate lower reimbursement rates for specialty pharmacy products than the rates specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers with whom the commissioner has negotiated lower reimbursement rates. Specialty pharmacy products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, antihemophilic factor products, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to this paragraph. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the reimbursement rate to prevent access to care issues.

(f) Home infusion therapy services provided by home infusion therapy pharmacies must be paid at rates according to subdivision 8d.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 9. Minnesota Statutes 2012, section 256B.0625, subdivision 31, is amended to read:

Subd. 31. **Medical supplies and equipment.** (a) Medical assistance covers medical supplies and equipment. Separate payment outside of the facility's payment rate shall be made for wheelchairs and wheelchair accessories for recipients who are residents of intermediate care facilities for the developmentally disabled. Reimbursement for wheelchairs and wheelchair accessories for ICF/MR recipients shall be subject to the same conditions and limitations as coverage for recipients who do not reside in institutions. A wheelchair purchased outside of the facility's payment rate is the property of the recipient. The commissioner may set reimbursement rates for specified categories of medical supplies at levels below the Medicare payment rate.

(b) Vendors of durable medical equipment, prosthetics, orthotics, or medical supplies must enroll as a Medicare provider.

(c) When necessary to ensure access to durable medical equipment, prosthetics, orthotics, or medical supplies, the commissioner may exempt a vendor from the Medicare enrollment requirement if:

(1) the vendor supplies only one type of durable medical equipment, prosthetic, orthotic, or medical supply;

(2) the vendor serves ten or fewer medical assistance recipients per year;

(3) the commissioner finds that other vendors are not available to provide same or similar durable medical equipment, prosthetics, orthotics, or medical supplies; and

(4) the vendor complies with all screening requirements in this chapter and Code of Federal Regulations, title 42, part 455. The commissioner may also exempt a vendor from the Medicare enrollment requirement if the vendor is accredited by a Centers for Medicare and Medicaid Services approved national accreditation organization as complying with the Medicare program's supplier and quality standards and the vendor serves primarily pediatric patients.

(d) Durable medical equipment means a device or equipment that:

(1) can withstand repeated use;

(2) is generally not useful in the absence of an illness, injury, or disability; and

(3) is provided to correct or accommodate a physiological disorder or physical condition or is generally used primarily for a medical purpose.

(e) Electronic tablets may be considered durable medical equipment if the electronic tablet will be used as an augmentative and alternative communication system as defined under subdivision 31a, paragraph (a). To be covered by medical assistance, the device must be locked in order to prevent use not related to communication.

Sec. 10. Minnesota Statutes 2012, section 256B.0625, is amended by adding a subdivision to read:

Subd. 31b. **Preferred diabetic testing supply program.** (a) The commissioner shall adopt and implement a point of sale preferred diabetic testing supply program by January 1, 2014. Medical assistance coverage for diabetic testing supplies shall conform to the limitations established under the program. The commissioner may enter into a contract with a vendor for the purpose of participating in a preferred diabetic testing supply list and supplemental rebate program. The commissioner shall ensure that any contract meets all federal requirements and maximizes federal financial participation. The commissioner shall maintain an accurate and up-to-date list on the agency Web site.

(b) The commissioner may add to, delete from, and otherwise modify the preferred diabetic testing supply program drug list after consulting with the Drug Formulary Committee and appropriate medial specialists and providing public notice and the opportunity for public comment.

(c) The commissioner shall adopt and administer the preferred diabetic testing supply program as part of the administration of the diabetic testing supply rebate program. Reimbursement for diabetic testing supplies not on the preferred diabetic testing supply list may be subject to prior authorization.

(d) All claims for diabetic testing supplies in categories on the preferred diabetic testing supply list must be submitted by enrolled pharmacy providers using the most current National Council of Prescription Drug Providers electronic claims standard.

(e) For purposes of this subdivision, "preferred diabetic testing supply list" means a list of diabetic testing supplies selected by the commissioner, for which prior authorization is not required.

(f) The commissioner shall seek any federal waivers or approvals necessary to implement this subdivision.

Sec. 11. Minnesota Statutes 2012, section 256B.0625, subdivision 39, is amended to read:

Subd. 39. **Childhood immunizations.** Providers who administer pediatric vaccines within the scope of their licensure, and who are enrolled as a medical assistance provider, must enroll in the pediatric vaccine administration program established by section 13631 of the Omnibus Budget Reconciliation Act of 1993. Medical assistance shall pay ~~an $8.50 fee per dose~~ for administration of the vaccine to children eligible for medical assistance. Medical assistance does not pay for vaccines that are available at no cost from the pediatric vaccine administration program.

Sec. 12. Minnesota Statutes 2012, section 256B.0625, subdivision 58, is amended to read:

Subd. 58. **Early and periodic screening, diagnosis, and treatment services.** Medical assistance covers early and periodic screening, diagnosis, and treatment services (EPSDT). The payment amount for a complete EPSDT screening shall not include charges for vaccines that are available at no cost to the provider and shall not exceed the rate established per Minnesota Rules, part 9505.0445, item M, effective October 1, 2010.

Sec. 13. Minnesota Statutes 2012, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. **Cost-sharing.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following cost-sharing for all recipients, effective for services provided on or after September 1, 2011:

(1) $3 per nonpreventive visit, except as provided in paragraph (b). For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) $3.50 for nonemergency visits to a hospital-based emergency room, except that this co-payment shall be increased to $20 upon federal approval;

(3) $3 per brand-name drug prescription and $1 per generic drug prescription, subject to a $12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness;

(4) effective January 1, 2012, a family deductible equal to the maximum amount allowed under Code of Federal Regulations, title 42, part 447.54; and

(5) for individuals identified by the commissioner with income at or below 100 percent of the federal poverty guidelines, total monthly cost-sharing must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on cost-sharing.

(b) Recipients of medical assistance are responsible for all co-payments and deductibles in this subdivision.

(c) Notwithstanding paragraph (b), the commissioner, through the contracting process under sections 256B.69 and 256B.692, may allow managed care plans and county-based purchasing plans to waive the family deductible under paragraph (a), clause (4). The value of the family deductible shall not be included in the capitation payment to managed care plans and county-based purchasing plans. Managed care plans and county-based purchasing plans shall certify annually to the commissioner the dollar value of the family deductible.

(d) Notwithstanding paragraph (b), the commissioner may waive the collection of the family deductible described under paragraph (a), clause (4), from individuals and allow long-term care and waivered service providers to assume responsibility for payment.

(e) Notwithstanding paragraph (b), the commissioner, through the contracting process under section 256B.0756 shall allow the pilot program in Hennepin County to waive co-payments. The value of the co-payments shall not be included in the capitation amount to the managed care organization.

Sec. 14. Minnesota Statutes 2012, section 256B.0756, is amended to read:

256B.0756 HENNEPIN AND RAMSEY COUNTIES PILOT PROGRAM.

(a) The commissioner, upon federal approval of a new waiver request or amendment of an existing demonstration, may establish a pilot program in Hennepin County or Ramsey County, or both, to test alternative and innovative integrated health care delivery networks.

(b) Individuals eligible for the pilot program shall be individuals who are eligible for medical assistance under section 256B.055~~, subdivision 15,~~ and who reside in Hennepin County or Ramsey County. The commissioner may identify individuals to be enrolled in the Hennepin County pilot program based on zip code in Hennepin County or whether the individuals would benefit from an integrated health care delivery network.

(c) Individuals enrolled in the pilot program shall be enrolled in an integrated health care delivery network in their county of residence. The integrated health care delivery network in Hennepin County shall be a network, such as an accountable care organization or a community-based collaborative care network, created by or including Hennepin County Medical Center. The integrated health care delivery network in Ramsey County shall be a network, such as an accountable care organization or community-based collaborative care network, created by or including Regions Hospital.

~~(d) The commissioner shall cap pilot program enrollment at 7,000 enrollees for Hennepin County and 3,500 enrollees for Ramsey County.~~

~~(e)~~ (d) In developing a payment system for the pilot programs, the commissioner shall establish a total cost of care for the recipients enrolled in the pilot programs that equals the cost of care that would otherwise be spent for these enrollees in the prepaid medical assistance program.

~~(f) Counties may transfer funds necessary to support the nonfederal share of payments for integrated health care delivery networks in their county. Such transfers per county shall not exceed 15 percent of the expected expenses for county enrollees.~~

~~(g)~~ (e) The commissioner shall apply to the federal government for, or as appropriate, cooperate with counties, providers, or other entities that are applying for any applicable grant or demonstration under the Patient Protection and Affordable Health Care Act, Public Law 111-148, or the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, that would further the purposes of or assist in the creation of an integrated health care delivery network for the purposes of this subdivision, including, but not limited to, a global payment demonstration or the community-based collaborative care network grants.

Sec. 15. Minnesota Statutes 2012, section 256B.69, subdivision 5c, is amended to read:

Subd. 5c. **Medical education and research fund.** (a) The commissioner of human services shall transfer each year to the medical education and research fund established under section 62J.692, an amount specified in this subdivision. The commissioner shall calculate the following:

(1) an amount equal to the reduction in the prepaid medical assistance payments as specified in this clause. Until January 1, 2002, the county medical assistance capitation base rate prior to plan specific adjustments and after the regional rate adjustments under subdivision 5b is reduced 6.3 percent for Hennepin County, two percent for the remaining metropolitan counties, and no reduction for nonmetropolitan Minnesota counties; and after January 1, 2002, the county medical assistance capitation base rate prior to plan specific adjustments is reduced 6.3 percent for Hennepin County, two percent for the remaining metropolitan counties, and 1.6 percent for nonmetropolitan Minnesota counties. Nursing facility and elderly waiver payments and demonstration project payments operating under subdivision 23 are excluded from this reduction. The amount calculated under this clause shall not be adjusted for periods already paid due to subsequent changes to the capitation payments;

(2) beginning July 1, 2003, $4,314,000 from the capitation rates paid under this section;

(3) beginning July 1, 2002, an additional $12,700,000 from the capitation rates paid under this section; and

(4) beginning July 1, 2003, an additional $4,700,000 from the capitation rates paid under this section.

(b) This subdivision shall be effective upon approval of a federal waiver which allows federal financial participation in the medical education and research fund. The amount specified under paragraph (a), clauses (1) to (4), shall not exceed the total amount transferred for fiscal year 2009. Any excess shall first reduce the amounts specified under paragraph (a), clauses (2) to (4). Any excess following this reduction shall proportionally reduce the amount specified under paragraph (a), clause (1).

(c) Beginning September 1, 2011, of the amount in paragraph (a), the commissioner shall transfer $21,714,000 each fiscal year to the medical education and research fund.

(d) Beginning September 1, 2011, of the amount in paragraph (a), following the transfer under paragraph (c), the commissioner shall transfer to the medical education research fund $23,936,000 in fiscal years 2012 and 2013 and ~~$36,744,000~~ $49,552,000 in fiscal year 2014 and thereafter.

Sec. 16. Minnesota Statutes 2012, section 256B.69, subdivision 31, is amended to read:

Subd. 31. **Payment reduction.** (a) Beginning September 1, 2011, the commissioner shall reduce payments and limit future rate increases paid to managed care plans and county-based purchasing plans. The limits in paragraphs (a) to (f) shall be achieved on a statewide aggregate basis by program. The commissioner may use competitive bidding, payment reductions, or other reductions to achieve the reductions and limits in this subdivision.

(b) Beginning September 1, 2011, the commissioner shall reduce payments to managed care plans and county-based purchasing plans as follows:

(1) 2.0 percent for medical assistance elderly basic care. This shall not apply to Medicare cost-sharing, nursing facility, personal care assistance, and elderly waiver services;

(2) 2.82 percent for medical assistance families and children;

(3) 10.1 percent for medical assistance adults without children; and

(4) 6.0 percent for MinnesotaCare families and children.

(c) Beginning January 1, 2012, the commissioner shall limit rates paid to managed care plans and county-based purchasing plans for calendar year 2012 to a percentage of the rates in effect on August 31, 2011, as follows:

(1) 98 percent for medical assistance elderly basic care. This shall not apply to Medicare cost-sharing, nursing facility, personal care assistance, and elderly waiver services;

(2) 97.18 percent for medical assistance families and children;

(3) 89.9 percent for medical assistance adults without children; and

(4) 94 percent for MinnesotaCare families and children.

(d) Beginning January 1, 2013, to December 31, 2013, the commissioner shall limit the maximum annual trend increases to rates paid to managed care plans and county-based purchasing plans as follows:

(1) 7.5 percent for medical assistance elderly basic care. This shall not apply to Medicare cost-sharing, nursing facility, personal care assistance, and elderly waiver services;

(2) 5.0 percent for medical assistance special needs basic care;

(3) 2.0 percent for medical assistance families and children;

(4) 3.0 percent for medical assistance adults without children;

(5) 3.0 percent for MinnesotaCare families and children; and

(6) 3.0 percent for MinnesotaCare adults without children.

(e) The commissioner may limit trend increases to less than the maximum. Beginning ~~July~~ January 1, 2014, the commissioner shall limit the maximum annual trend increases to rates paid to managed care plans and county-based purchasing plans as follows for calendar years 2014 and 2015:

(1) ~~7.5~~ 3.25 percent for medical assistance elderly basic care. This shall not apply to Medicare cost-sharing, nursing facility, personal care assistance, and elderly waiver services;

(2) ~~5.0~~ 2.5 percent for medical assistance special needs basic care;

(3) 2.0 percent for medical assistance families and children;

(4) 3.0 percent for medical assistance adults without children;

(5) 3.0 percent for MinnesotaCare families and children; and

(6) ~~4.0~~ 3.0 percent for MinnesotaCare adults without children.

The commissioner may limit trend increases to less than the maximum.

Sec. 17. Minnesota Statutes 2012, section 256B.76, subdivision 2, is amended to read:

Subd. 2. **Dental reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(b) Beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (1) submitted charge, or (2) 80 percent of median 1997 charges.

(c) Effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999.

(d) Effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (1) the submitted charge, or (2) 85 percent of median 1999 charges.

(e) The increases listed in paragraphs (b) and (c) shall be implemented January 1, 2000, for managed care.

(f) Effective for dental services rendered on or after October 1, 2010, by a state-operated dental clinic, payment shall be paid on a reasonable cost basis that is based on the Medicare principles of reimbursement. This payment shall be effective for services rendered on or after January 1, 2011, to recipients enrolled in managed care plans or county-based purchasing plans.

(g) Beginning in fiscal year 2011, if the payments to state-operated dental clinics in paragraph (f), including state and federal shares, are less than $1,850,000 per fiscal year, a supplemental state payment equal to the difference between the total payments in paragraph (f) and $1,850,000 shall be paid from the general fund to state-operated services for the operation of the dental clinics.

(h) If the cost-based payment system for state-operated dental clinics described in paragraph (f) does not receive federal approval, then state-operated dental clinics shall be designated as critical access dental providers under subdivision 4, paragraph (b), and shall receive the critical access dental reimbursement rate as described under subdivision 4, paragraph (a).

(i) Effective for services rendered on or after September 1, 2011, through June 30, 2013, payment rates for dental services shall be reduced by three percent. This reduction does not apply to state-operated dental clinics in paragraph (f).

(j) Effective for services rendered on or after January 1, 2014, payment rates for dental services shall be increased by five percent from the rates in effect on December 31, 2013. This increase does not apply to state-operated dental clinics in paragraph (f), federally qualified health centers, rural health centers, and Indian health services. Effective January 1, 2014, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment increase described in this paragraph.

Sec. 18. Minnesota Statutes 2012, section 256B.76, subdivision 4, is amended to read:

Subd. 4. **Critical access dental providers.** (a) Effective for dental services rendered on or after January 1, 2002, the commissioner shall increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. For dental services rendered on or after July 1, 2007, the commissioner shall increase reimbursement by 30 percent above the reimbursement rate that would otherwise be paid to the critical access dental provider. The commissioner shall pay the managed care plans and county-based purchasing plans in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner.

(b) The commissioner shall designate the following dentists and dental clinics as critical access dental providers:

(1) nonprofit community clinics that:

(i) have nonprofit status in accordance with chapter 317A;

(ii) have tax exempt status in accordance with the Internal Revenue Code, section 501(c)(3);

(iii) are established to provide oral health services to patients who are low income, uninsured, have special needs, and are underserved;

(iv) have professional staff familiar with the cultural background of the clinic's patients;

(v) charge for services on a sliding fee scale designed to provide assistance to low-income patients based on current poverty income guidelines and family size;

(vi) do not restrict access or services because of a patient's financial limitations or public assistance status; and

(vii) have free care available as needed;

(2) federally qualified health centers, rural health clinics, and public health clinics;

(3) city or county owned and operated hospital-based dental clinics;

(4) a dental clinic ~~or dental group~~ owned and operated by a nonprofit corporation in accordance with chapter 317A with more than 10,000 patient encounters per year with patients who are uninsured or covered by medical assistance~~, general assistance medical care,~~ or MinnesotaCare, if more than 50 percent of the dental clinic's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare; ~~and~~

(5) a dental clinic owned and operated by the University of Minnesota or the Minnesota State Colleges and Universities system~~.~~; and

(6) private practicing dentists if:

(i) the dentist's office is located within a health professional shortage area as defined under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E;

(ii) more than 50 percent of the dentist's patient encounters per year are with patients who are uninsured or covered by medical assistance or MinnesotaCare;

(iii) the dentist does not restrict access or services because of a patient's financial limitations or public assistance status; and

(iv) the level of service provided by the dentist is critical to maintaining adequate levels of patient access within the service area in which the dentist operates.

(c) The commissioner may designate a dentist or dental clinic as a critical access dental provider if the dentist or dental clinic is willing to provide care to patients covered by medical assistance, general assistance medical care, or MinnesotaCare at a level which significantly increases access to dental care in the service area.

(d) A designated critical access clinic shall receive the reimbursement rate specified in paragraph (a) for dental services provided off site at a private dental office if the following requirements are met:

(1) the designated critical access dental clinic is located within a health professional shortage area as defined under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E, and is located outside the seven-county metropolitan area;

(2) the designated critical access dental clinic is not able to provide the service and refers the patient to the off-site dentist;

(3) the service, if provided at the critical access dental clinic, would be reimbursed at the critical access reimbursement rate;

(4) the dentist and allied dental professionals providing the services off site are licensed and in good standing under chapter 150A;

(5) the dentist providing the services is enrolled as a medical assistance provider;

(6) the critical access dental clinic submits the claim for services provided off site and receives the payment for the services; and

(7) the critical access dental clinic maintains dental records for each claim submitted under this paragraph, including the name of the dentist, the off-site location, and the license number of the dentist and allied dental professionals providing the services.

Sec. 19. Minnesota Statutes 2012, section 256B.76, is amended by adding a subdivision to read:

Subd. 7. **Payment for certain primary care services and immunization administration.** Payment for certain primary care services and immunization administration services rendered on or after January 1, 2013, through December 31, 2014, shall be made in accordance with section 1902(a)(13) of the Social Security Act.

Sec. 20. Minnesota Statutes 2012, section 256B.764, is amended to read:

256B.764 REIMBURSEMENT FOR FAMILY PLANNING SERVICES.

(a) Effective for services rendered on or after July 1, 2007, payment rates for family planning services shall be increased by 25 percent over the rates in effect June 30, 2007, when these services are provided by a community clinic as defined in section 145.9268, subdivision 1.

(b) Effective for services rendered on or after July 1, 2013, payment rates for family planning services shall be increased by 20 percent over the rates in effect June 30, 2013, when these services are provided by a community clinic as defined in section 145.9268, subdivision 1. The commissioner shall adjust capitation rates to managed care and county-based purchasing plans to reflect this increase, and shall require plans to pass on the full amount of the rate increase to eligible community clinics, in the form of higher payment rates for family planning services.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 21. Minnesota Statutes 2012, section 256B.766, is amended to read:

256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.

(a) Effective for services provided on or after July 1, 2009, total payments for basic care services, shall be reduced by three percent, except that for the period July 1, 2009, through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical assistance and general assistance medical care programs, prior to third-party

liability and spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical therapy services, occupational therapy services, and speech-language pathology and related services as basic care services. The reduction in this paragraph shall apply to physical therapy services, occupational therapy services, and speech-language pathology and related services provided on or after July 1, 2010.

(b) Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect the reduction effective July 1, 2009, and payments made to the plans shall be reduced effective October 1, 2010, to reflect the reduction effective July 1, 2010.

(c) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for outpatient hospital facility fees shall be reduced by five percent from the rates in effect on August 31, 2011.

(d) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, renal dialysis services, laboratory services, public health nursing services, physical therapy services, occupational therapy services, speech therapy services, eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume purchase contract, anesthesia services, and hospice services shall be reduced by three percent from the rates in effect on August 31, 2011.

(e) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

(f) For services provided on or after July 1, 2013, fee-for-service payments made to pediatric hospitals as referenced in the Social Security Act, section 1886(d)(1)(B)(iii) and nonstate government hospitals located in cities of the first class for the provision of outpatient basic care services to persons under age 21 shall be increased by ...percent, subject to an aggregate spending limit under this paragraph of $500,000 for the biennium ending June 30, 2015.

Sec. 22. **PAYMENT FOR MULTIPLE SERVICES PROVIDED ON THE SAME DAY.**

The commissioner of human services shall report by December 15, 2013, to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on the costs and savings to the medical assistance program of allowing medical assistance payment, including supplemental payments, for mental health services or dental services provided to a patient by a federally qualified health center, federally qualified health care center look-alike, or a rural health clinic on the same day as other covered health services furnished by the same provider.

Sec. 23. **DENTAL ADMINISTRATION AND REIMBURSEMENT REPORT.**

(a) The commissioner of human services shall study the feasibility of a single administrator for all dental services provided under medical assistance and MinnesotaCare. Dental services shall include services provided through the prepaid medical assistance program and the fee-for-service system administered by the Department of Human Services. The commissioner's study shall address and include recommendations on:

(1) possible administrative savings under a single administrator;

(2) current reimbursement levels and alternative reimbursement that could target funding to assure greater access to dental services;

(3) flexible scheduling and the coordination of referrals to encourage greater participation from private dental practitioners and clinics;

(4) approaches to reduce emergency room visits; and

(5) the use of a streamlined information system to provide information on patient eligibility and restrictions on benefits.

(b) The commissioner shall also make recommendations on service delivery and reimbursement methods, including the continuation or modification of critical access dental provider payments under sections 256B.76, subdivision 4, and 256L.11, subdivision 7.

(c) In conducting the study, the commissioner shall consult with dental providers currently providing services to enrollees of Minnesota health care programs, including those receiving enhanced payments through critical access dental provider payments, private practice dentists, safety net clinics, and the University of Minnesota Dental School.

(d) The commissioner shall submit a report and recommendations relating to dental administration and reimbursement to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by December 15, 2013.

Sec. 24. **EMERGENCY MEDICAL ASSISTANCE DEMONSTRATION PROJECT.**

(a) The commissioner of human services shall implement, beginning January 1, 2014, a pilot program to provide alternative services to high-risk individuals with complex and chronic conditions eligible for emergency medical assistance under Minnesota Statutes, section 256B.06, subdivision 4. The program must be offered to eligible persons with two or more chronic conditions who have had two or more acute care admissions in the past 12 months.

(b) The pilot program must be designed to provide health care services to eligible persons in their own environment, to significantly reduce nonemergency inpatient hospital admissions and long-term nursing facility stays. The program must include visits by health care professionals to the residences of eligible persons, regardless of whether the residence is a home, shelter, long-term care facility, residential program, or other location. The program may include features such as patient education, assistance with treatment plan compliance, medication management, and coordination of care with other health care and social service providers.

(c) The commissioner shall select, by September 1, 2013, one or more vendors: (1) experienced with providing in-home primary and acute care to a population similar to persons receiving emergency medical assistance services; and (2) that have data analysis skills and modeling capability to identify the target population and evaluate the quality and cost-effectiveness of the intervention. The vendor contract must guarantee a savings to the state through operation of the pilot program. Savings generated through this pilot project must be shared with the vendor. Prior to entering into a final contract, the commissioner shall require prospective vendors to conduct preliminary analysis and test model feasibility and effectiveness for the population to be served.

ARTICLE 7
CONTINUING CARE

Section 1. Minnesota Statutes 2012, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches $350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches $653,000,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve;

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount; ~~and~~

(5) to the extent the balance is due to a reduction in the nursing facility and elderly waiver forecast, an equal amount shall be used to increase nursing facility operating payment rates and elderly waiver rates, including all components and limits, but that amount is not less than zero; and

~~(5)~~ (6) to the state airports fund, the amount necessary to restore the amount transferred from the state airports fund under Laws 2008, chapter 363, article 11, section 3, subdivision 5.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

Sec. 2. Minnesota Statutes 2012, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a license is issued during this moratorium, and the license holder changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. Exceptions to the moratorium include:

(1) foster care settings that are required to be registered under chapter 144D;

(2) foster care licenses replacing foster care licenses in existence on May 15, 2009, and determined to be needed by the commissioner under paragraph (b);

(3) new foster care licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/MR, or regional treatment center, or restructuring of state-operated services that limits the capacity of state-operated facilities;

(4) new foster care licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital level care; or

(5) new foster care licenses determined to be needed by the commissioner for the transition of people from personal care assistance to the home and community-based services.

(b) The commissioner shall determine the need for newly licensed foster care homes as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by the commissioner must be final. A determination of need is not required for a change in ownership at the same address.

~~(c) The commissioner shall study the effects of the license moratorium under this subdivision and shall report back to the legislature by January 15, 2011. This study shall include, but is not limited to the following:~~

~~(1) the overall capacity and utilization of foster care beds where the physical location is not the primary residence of the license holder prior to and after implementation of the moratorium;~~

~~(2) the overall capacity and utilization of foster care beds where the physical location is the primary residence of the license holder prior to and after implementation of the moratorium; and~~

~~(3) the number of licensed and occupied ICF/MR beds prior to and after implementation of the moratorium.~~

~~(d)~~ (c) When a foster care recipient moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), the county shall immediately inform the Department of Human Services Licensing Division. The department shall decrease the statewide licensed capacity for foster care settings where the physical location is not the primary residence of the license holder, if the voluntary changes described in paragraph ~~(f)~~ (e) are not sufficient to meet the savings required by reductions in licensed bed capacity under Laws 2011, First Special Session chapter 9, article 7, sections 1 and 40, paragraph (f), and maintain statewide long-term care residential services capacity within budgetary limits. Implementation of the statewide licensed capacity reduction shall begin on July 1, 2013. The commissioner shall delicense up to 128 beds by June 30, 2014, using the needs determination process. Under this paragraph, the commissioner has the authority to reduce unused licensed capacity of a current foster care program to accomplish the consolidation or closure of settings. A decreased licensed capacity according to this paragraph is not subject to appeal under this chapter.

~~(e)~~ (d) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph ~~(d)~~ (c) shall be exempt under the following circumstances:

(1) until August 1, 2013, the license holder's beds occupied by residents whose primary diagnosis is mental illness and the license holder is:

(i) a provider of assertive community treatment (ACT) or adult rehabilitative mental health services (ARMHS) as defined in section 256B.0623;

(ii) a mental health center certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(iii) a mental health clinic certified under Minnesota Rules, parts 9520.0750 to 9520.0870; or

(iv) a provider of intensive residential treatment services (IRTS) licensed under Minnesota Rules, parts 9520.0500 to 9520.0670; or

(2) the license holder is certified under the requirements in subdivision 6a.

~~(f)~~ (e) A resource need determination process, managed at the state level, using the available reports required by section 144A.351, and other data and information shall be used to determine where the reduced capacity required under paragraph ~~(d)~~ (c) will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet long-term care service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term care services reports and statewide data and information. By February 1 of ~~each~~ 2013 and August 1 of 2014 and each following year, the commissioner shall provide information and data on the overall capacity of licensed long-term care services, actions taken under this subdivision to manage statewide long-term care services and supports resources, and any recommendations for change to the legislative committees with jurisdiction over health and human services budget.

~~(g)~~ (f) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

~~(h)~~ (g) License holders of foster care homes identified under paragraph ~~(g)~~ (f) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under section 256B.0915, 256B.092, or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services. These license holders must be considered registered under section 256B.092, subdivision 11, paragraph (c), and this registration status must be identified on their license certificates.

Sec. 3. Minnesota Statutes 2012, section 256.01, is amended by adding a subdivision to read:

Subd. 35. **Commissioner must annually report certain prepaid medical assistance plan data.** (a) The commissioner of human services and the commissioner of education may share private or nonpublic data to allow the commissioners to analyze the screening, diagnosis, and treatment of children with autism spectrum disorder and other developmental conditions. The commissioners may share the individual-level data necessary to:

(1) measure the prevalence of autism spectrum disorder and other developmental conditions;

(2) analyze the effectiveness of existing policies and procedures in the early identification of children with autism spectrum disorder and other developmental conditions;

(3) assess the effectiveness of screening, diagnosis, and treatment to allow children with autism spectrum disorder and other developmental conditions to meet developmental and social-emotional milestones;

(4) identify and address disparities in screening, diagnosis, and treatment related to the native language or race and ethnicity of the child;

(5) measure the effectiveness of public health care programs in addressing the medical needs of children with autism spectrum disorder and other developmental conditions; and

(6) determine the capacity of educational systems and health care systems to meet the needs of children with autism spectrum disorder and other developmental conditions.

(b) The commissioner of human services shall use the data shared with the commissioner of education under this subdivision to improve public health care program performance in early screening, diagnosis, and treatment for children once data are available and shall report on the results and any summary data, as defined in section 13.02, subdivision 19, on the department's public Web site by September 30 each year.

Sec. 4. Minnesota Statutes 2012, section 256.9657, subdivision 3a, is amended to read:

Subd. 3a. **~~ICF/MR~~ ICF/DD license surcharge.** (a) Effective July 1, 2003, each non-state-operated facility as defined under section 256B.501, subdivision 1, shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4, paragraph (d). The annual surcharge shall be $1,040 per licensed bed. If the number of licensed beds is reduced, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. The facility must notify the commissioner of health in writing when beds are delicensed. The commissioner of health

must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. The commissioner may reduce, and may subsequently restore, the surcharge under this subdivision based on the commissioner's determination of a permissible surcharge.

(b) Effective July 1, 2013, the surcharge under paragraph (a) is increased to $3,717 per licensed bed.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 256B.0911, subdivision 4d, is amended to read:

Subd. 4d. **Preadmission screening of individuals under 65 years of age.** (a) It is the policy of the state of Minnesota to ensure that individuals with disabilities or chronic illness are served in the most integrated setting appropriate to their needs and have the necessary information to make informed choices about home and community-based service options.

(b) Individuals under 65 years of age who are admitted to a nursing facility from a hospital must be screened prior to admission as outlined in subdivisions 4a through 4c.

(c) Individuals under 65 years of age who are admitted to nursing facilities with only a telephone screening must receive a face-to-face assessment from the long-term care consultation team member of the county in which the facility is located or from the recipient's county case manager within 40 calendar days of admission.

(d) Individuals under 65 years of age who are admitted to a nursing facility without preadmission screening according to the exemption described in subdivision 4b, paragraph (a), clause (3), and who remain in the facility longer than 30 days must receive a face-to-face assessment within 40 days of admission.

(e) At the face-to-face assessment, the long-term care consultation team member or county case manager must perform the activities required under subdivision 3b.

(f) For individuals under 21 years of age, a screening interview which recommends nursing facility admission must be face-to-face and approved by the commissioner before the individual is admitted to the nursing facility.

(g) In the event that an individual under 65 years of age is admitted to a nursing facility on an emergency basis, the county must be notified of the admission on the next working day, and a face-to-face assessment as described in paragraph (c) must be conducted within 40 calendar days of admission.

(h) At the face-to-face assessment, the long-term care consultation team member or the case manager must present information about home and community-based options, including consumer-directed options, so the individual can make informed choices. If the individual chooses home and community-based services, the long-term care consultation team member or case manager must complete a written relocation plan within 20 working days of the visit. The plan shall describe the services needed to move out of the facility and a time line for the move which is designed to ensure a smooth transition to the individual's home and community.

(i) An individual under 65 years of age residing in a nursing facility shall receive a face-to-face assessment at least every 12 months to review the person's service choices and available alternatives unless the individual indicates, in writing, that annual visits are not desired. In this case, the individual must receive a face-to-face assessment at least once every 36 months for the same purposes.

(j) Notwithstanding the provisions of subdivision 6, the commissioner may pay county agencies directly for face-to-face assessments for individuals under 65 years of age who are being considered for placement or residing in a nursing facility. Until September 30, 2013, payments for individuals under 65 years of age shall be made as described in this subdivision.

Sec. 6. Minnesota Statutes 2012, section 256B.0911, subdivision 6, is amended to read:

Subd. 6. **Payment for long-term care consultation services.** (a) Until September 30, 2013, payment for long-term care consultation face-to-face assessment shall be made as described in this subdivision.

(b) The total payment for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must be determined by dividing the county's annual allocation for long-term care consultation services by 12 to determine the monthly payment and allocating the monthly payment to each nursing facility based on the number of licensed beds in the nursing facility. Payments to counties in which there is no certified nursing facility must be made by increasing the payment rate of the two facilities located nearest to the county seat.

~~(b)~~ (c) The commissioner shall include the total annual payment determined under paragraph (a) for each nursing facility reimbursed under section 256B.431, 256B.434, or 256B.441.

~~(c)~~ (d) In the event of the layaway, delicensure and decertification, or removal from layaway of 25 percent or more of the beds in a facility, the commissioner may adjust the per diem payment amount in paragraph ~~(b)~~ (c) and may adjust the monthly payment amount in paragraph (a). The effective date of an adjustment made under this paragraph shall be on or after the first day of the month following the effective date of the layaway, delicensure and decertification, or removal from layaway.

~~(d)~~ (e) Payments for long-term care consultation services are available to the county or counties to cover staff salaries and expenses to provide the services described in subdivision 1a. The county shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to provide long-term care consultation services while meeting the state's long-term care outcomes and objectives as defined in subdivision 1. The county shall be accountable for meeting local objectives as approved by the commissioner in the biennial home and community-based services quality assurance plan on a form provided by the commissioner.

~~(e)~~ (f) Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

~~(f)~~ (g) The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local consultation teams.

~~(g)~~ (h) Until the alternative payment methodology in paragraph ~~(h)~~ (i) is implemented, the county may bill, as case management services, assessments, support planning, and follow-along provided to persons determined to be eligible for case management under Minnesota health care programs. No individual or family member shall be charged for an initial assessment or initial support plan development provided under subdivision 3a or 3b.

~~(h)~~ (i) The commissioner shall develop an alternative payment methodology, effective on October 1, 2013, for long-term care consultation services that includes the funding available under this subdivision, and for assessments authorized under sections 256B.092 and 256B.0659. In developing the new payment methodology, the commissioner shall consider the maximization of other funding sources, including federal administrative reimbursement through federal financial participation funding, for all long-term care consultation ~~and preadmission screening~~ activity. The alternative payment methodology shall include the use of the appropriate time studies and the state financing of nonfederal share as part of the state's medical assistance program.

Sec. 7. Minnesota Statutes 2012, section 256B.0916, is amended by adding a subdivision to read:

Subd. 11. **Excess spending.** County and tribal agencies are responsible for spending in excess of the allocation made by the commissioner. In the event a county or tribal agency spends in excess of the allocation made by the commissioner for a given allocation period, they must submit a corrective action plan to the commissioner. The plan must state the actions the agency will take to correct their overspending for the year following the period when the overspending occurred. Failure to correct overspending shall result in recoupment of spending in excess of the allocation. Nothing in this subdivision shall be construed as reducing the county's responsibility to offer and make available feasible home and community-based options to eligible waiver recipients within the resources allocated to them for that purpose.

Sec. 8. Minnesota Statutes 2012, section 256B.092, subdivision 11, is amended to read:

Subd. 11. **Residential support services.** (a) Upon federal approval, there is established a new service called residential support that is available on the community alternative care, community alternatives for disabled individuals, developmental disabilities, and brain injury waivers. Existing waiver service descriptions must be modified to the extent necessary to ensure there is no duplication between other services. Residential support services must be provided by vendors licensed as a community residential setting as defined in section 245A.11, subdivision 8.

(b) Residential support services must meet the following criteria:

(1) providers of residential support services must own or control the residential site;

(2) the residential site must not be the primary residence of the license holder;

(3) the residential site must have a designated program supervisor responsible for program oversight, development, and implementation of policies and procedures;

(4) the provider of residential support services must provide supervision, training, and assistance as described in the person's coordinated service and support plan; and

(5) the provider of residential support services must meet the requirements of licensure and additional requirements of the person's coordinated service and support plan.

(c) Providers of residential support services that meet the definition in paragraph (a) must be registered using a process determined by the commissioner beginning July 1, 2009. Providers licensed to provide child foster care under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, and that meet the requirements in section 245A.03, subdivision 7, paragraph ~~(g)~~ (f), are considered registered under this section.

Sec. 9. Minnesota Statutes 2012, section 256B.092, subdivision 12, is amended to read:

Subd. 12. **Waivered services statewide priorities.** (a) The commissioner shall establish statewide priorities for individuals on the waiting list for developmental disabilities (DD) waiver services, as of January 1, 2010. The statewide priorities must include, but are not limited to, individuals who continue to have a need for waiver services after they have maximized the use of state plan services and other funding resources, including natural supports, prior to accessing waiver services, and who meet at least one of the following criteria:

(1) have unstable living situations due to the age, incapacity, or sudden loss of the primary caregivers;

(2) are moving from an institution due to bed closures;

(3) experience a sudden closure of their current living arrangement;

(4) require protection from confirmed abuse, neglect, or exploitation;

(5) experience a sudden change in need that can no longer be met through state plan services or other funding resources alone; or

(6) meet other priorities established by the department.

(b) When allocating resources to lead agencies, the commissioner must take into consideration the number of individuals waiting who meet statewide priorities and the lead agencies' current use of waiver funds and existing service options. The commissioner has the authority to transfer funds between counties, groups of counties, and tribes to accommodate statewide priorities and resource needs while accounting for a necessary base level reserve amount for each county, group of counties, and tribe.

~~(c) The commissioner shall evaluate the impact of the use of statewide priorities and provide recommendations to the legislature on whether to continue the use of statewide priorities in the November 1, 2011, annual report required by the commissioner in sections 256B.0916, subdivision 7, and 256B.49, subdivision 21.~~

Sec. 10. **[256B.0949] AUTISM EARLY INTENSIVE INTERVENTION BENEFIT.**

Subdivision 1. **Purpose.** This section creates a new benefit available under the medical assistance state plan when federal approval consistent with the provisions in subdivision 11 is obtained for a 1915(i) waiver pursuant to the Affordable Care Act, section 2402(c), amending United States Code, title 42, section 1396n(i)(1), or other option to provide early intensive intervention to a child with an autism spectrum disorder diagnosis. This benefit must provide coverage for diagnosis, multidisciplinary assessment, ongoing progress evaluation, and medically necessary treatment of autism spectrum disorder.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Autism spectrum disorder diagnosis" is defined by diagnostic code 299 in the current version of the Diagnostic and Statistical Manual of Mental Disorders (DSM).

(c) "Child" means a person under the age of seven, or for two years at any age under age 18 if the person was not diagnosed with autism spectrum disorder before age five, or a person under age 18 pursuant to subdivision 12.

(d) "Commissioner" means the commissioner of human services, unless otherwise specified.

(e) "Early intensive intervention benefit" means autism treatment options based in behavioral and developmental science, which may include modalities such as applied behavior analysis, developmental treatment approaches, and naturalistic and parent training models.

(f) "Generalizable goals" means results or gains that are observed during a variety of activities with different people, such as providers, family members, other adults, and children, and in different environments including, but not limited to, clinics, homes, schools, and the community.

Subd. 3. **Initial eligibility.** This benefit is available to a child enrolled in medical assistance who:

(1) has an autism spectrum disorder diagnosis;

(2) has had a diagnostic assessment described in subdivision 5, which recommends early intensive intervention services;

(3) meets the criteria for medically necessary autism early intensive intervention services; and

(4) declines to enroll in the state services described in section 252.27.

Subd. 4. **Diagnosis.** (a) A diagnosis must:

(1) be based upon current DSM criteria including direct observations of the child and reports from parents or primary caregivers;

(2) be completed by a professional who has expertise and training in autism spectrum disorder and child development and who is a licensed physician, nurse practitioner, or a licensed mental health professional until the commissioner's assessment required in subdivision 8, clause (7), shows there are adequate professionals to avoid access problems or delays in diagnosis for young children if two professionals are required for a diagnosis pursuant to clause (3); and

(3) be completed by both a medical and mental health professional who have expertise and training in autism spectrum disorder and child development when the assessment in subdivision 8, clause (7), demonstrates that there are sufficient professionals available.

(b) Additional diagnostic assessment information including from special education evaluations and licensed school personnel, and from professionals licensed in the fields of medicine, speech and language, psychology, occupational therapy, and physical therapy may be considered.

Subd. 5. **Diagnostic assessment.** The following information and assessments must be performed, reviewed, and relied upon for the eligibility determination, treatment and services recommendations, and treatment plan development for the child:

(1) an assessment of the child's developmental skills, functional behavior, needs, and capacities based on direct observation of the child which must be administered by a licensed mental health professional and may also include observations from family members, licensed school personnel, child care providers, or other caregivers, as well as any medical or assessment information from other licensed professionals such as the child's physician, rehabilitation therapists, or mental health professionals; and

(2) an assessment of parental or caregiver capacity to participate in therapy including the type and level of parental or caregiver involvement and training recommended.

Subd. 6. **Treatment plan.** (a) Each child's treatment plan must be:

(1) based on the diagnostic assessment information specified in subdivisions 4 and 5;

(2) coordinated with medically necessary occupational, physical, and speech and language therapies, special education, and other services the child and family are receiving;

(3) family-centered;

(4) culturally sensitive; and

(5) individualized based on the child's developmental status and the child's and family's identified needs.

(b) The treatment plan must specify the:

(1) child's goals which are developmentally appropriate, functional, and generalizable;

(2) treatment modality;

(3) treatment intensity;

(4) setting; and

(5) level and type of parental or caregiver involvement.

(c) The treatment must be supervised by a professional with expertise and training in autism and child development who is a licensed physician, nurse practitioner, or mental health professional.

(d) The treatment plan must be submitted to the commissioner for approval in a manner determined by the commissioner for this purpose.

(e) Services authorized must be consistent with the child's approved treatment plan.

Subd. 7. **Ongoing eligibility.** (a) An independent progress evaluation conducted by a licensed mental health professional with expertise and training in autism spectrum disorder and child development must be completed after each six months of treatment, or more frequently as determined by the commissioner, to determine if progress is being made toward achieving generalizable gains and meeting functional goals contained in the treatment plan.

(b) The progress evaluation must include:

(1) the treating provider's report;

(2) parental or caregiver input;

(3) an independent observation of the child which can be performed by the child's licensed special education staff;

(4) any treatment plan modifications; and

(5) recommendations for continued treatment services.

(c) Progress evaluations must be submitted to the commissioner in a manner determined by the commissioner for this purpose.

(d) A child who continues to achieve generalizable gains and treatment goals as specified in the treatment plan is eligible to continue receiving this benefit.

(e) A child's treatment shall continue during the progress evaluation and during an appeal if continuation of services pending appeal have been requested pursuant to section 256.045, subdivision 10.

Subd. 8. **Refining the benefit with stakeholders.** The commissioner must develop the implementation details of the benefit in consultation with stakeholders and consider recommendations from the Health Services Advisory Council, the Department of Human Services Autism Spectrum Disorder Advisory Council, the Legislative Autism Spectrum Disorder Task Force, and the Interagency Task Force of the Departments of Health, Education, and Human Services. The commissioner must release these details for a 30-day public comment period prior to submission to the federal government for approval. The implementation details include, but are not limited to, the following components:

(1) a definition of the qualifications, standards, and roles of the treatment team, including recommendations after stakeholder consultation on whether board-certified behavior analysts and other types of professionals trained in autism spectrum disorder and child development should be added as mental health or other professionals for treatment supervision or other function under medical assistance;

(2) development of initial, uniform parameters for comprehensive multidisciplinary diagnostic assessment information and progress evaluation standards;

(3) the design of an effective and consistent process for assessing parent and caregiver capacity to participate in the child's early intervention treatment and methods of involving the parents in the treatment of the child;

(4) formulation of a collaborative process in which professionals have opportunities to collectively inform the comprehensive, multidisciplinary diagnostic assessment and progress evaluation processes and standards to support quality improvement of early intensive intervention services;

(5) coordination of this benefit and its interaction with other services provided by the Departments of Human Services, Health, and Education;

(6) evaluation, on an ongoing basis, of research regarding the program and treatment modalities provided to children under this benefit; and

(7) determination of the availability of licensed medical and mental health professionals with expertise and training in autism spectrum disorder throughout the state in order to assess whether there are sufficient professionals to require involvement of both a medical and mental health professional to provide access and prevent delay in the diagnosis and treatment of young children so as to implement subdivision 4, paragraph (a), and to ensure treatment is effective, timely, and accessible.

Subd. 9. **Revision of treatment options.** (a) The commissioner may revise covered treatment options as needed based on outcome data and other evidence.

(b) Before the changes become effective, the commissioner must provide public notice of the changes, the reasons for the change, and a 30-day public comment period to those who request notice through an electronic list accessible to the public on the department's Web site.

Subd. 10. **Coordination between agencies.** The commissioners of human services and education must develop the capacity to coordinate services and information including diagnostic, functional, developmental, medical, and educational assessments; service delivery; and progress evaluations across health and education sectors.

Subd. 11. **Federal approval of the autism benefit.** The provisions of subdivision 9 shall apply to state plan services under Title XIX of the Social Security Act when federal approval is granted under a 1915(i) waiver or other authority which allows children eligible for medical assistance through the TEFRA option under section 256B.055, subdivision 12, to qualify and includes children eligible for medical assistance in families over 150 percent of the federal poverty guidelines.

Subd. 12. **Local school districts option to continue treatment.** (a) A local school district may contract with the commissioner of human services to pay the state share of the benefits described under this section to continue this treatment as part of the special education services offered to all students in the district diagnosed with an autism spectrum disorder.

(b) A local school district may utilize third-party billing to seek reimbursement for the district for any services paid by the district under this section for which private insurance coverage was available to the child.

EFFECTIVE DATE. The autism benefit under subdivisions 1 to 7, 9, and 12, is effective upon federal approval for the benefit under a 1915(i) waiver or other federal authority needed to meet the requirements of subdivision 11, but no earlier than March 1, 2014. Subdivisions 8, 10, and 11 are effective July 1, 2013.

Sec. 11. Minnesota Statutes 2012, section 256B.095, is amended to read:

256B.095 QUALITY ASSURANCE SYSTEM ESTABLISHED.

(a) Effective July 1, 1998, a quality assurance system for persons with developmental disabilities, which includes an alternative quality assurance licensing system for programs, is established in Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, and Winona Counties for the purpose of improving the quality of services provided to persons with developmental disabilities. A county, at its option, may choose to have all programs for persons with developmental disabilities located within the county licensed under chapter 245A using standards determined under the alternative quality assurance licensing system or may continue regulation of these programs under the licensing system operated by the commissioner. ~~The project expires on June 30, 2014.~~

(b) Effective July 1, 2003, a county not listed in paragraph (a) may apply to participate in the quality assurance system established under paragraph (a). The commission established under section 256B.0951 may, at its option, allow additional counties to participate in the system.

(c) Effective July 1, 2003, any county or group of counties not listed in paragraph (a) may establish a quality assurance system under this section. A new system established under this section shall have the same rights and duties as the system established under paragraph (a). A new system shall be governed by a commission under section 256B.0951. The commissioner shall appoint the initial commission members based on recommendations from advocates, families, service providers, and counties in the geographic area included in the new system. Counties that choose to participate in a new system shall have the duties assigned under section 256B.0952. The new system shall establish a quality assurance process under section 256B.0953. The provisions of section 256B.0954 shall apply to a new system established under this paragraph. The commissioner shall delegate authority to a new system established under this paragraph according to section 256B.0955.

(d) Effective July 1, 2007, the quality assurance system may be expanded to include programs for persons with disabilities and older adults.

(e) Effective July 1, 2013, a provider of service located in a county listed in paragraph (a) that is a non-opted-in county may opt-in to the quality assurance system provided the county where services are provided indicates its agreement with a county with a delegation agreement with the Department of Human Services.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 12. Minnesota Statutes 2012, section 256B.0951, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The Quality Assurance Commission is established. The commission consists of at least 14 but not more than 21 members as follows: at least three but not more than five members representing advocacy organizations; at least three but not more than five members representing consumers, families, and their

legal representatives; at least three but not more than five members representing service providers; at least three but not more than five members representing counties; and the commissioner of human services or the commissioner's designee. The first commission shall establish membership guidelines for the transition and recruitment of membership for the commission's ongoing existence. Members of the commission who do not receive a salary or wages from an employer for time spent on commission duties may receive a per diem payment when performing commission duties and functions. All members may be reimbursed for expenses related to commission activities. ~~Notwithstanding the provisions of section 15.059, subdivision 5, the commission expires on June 30, 2014.~~

Sec. 13. Minnesota Statutes 2012, section 256B.0951, subdivision 4, is amended to read:

Subd. 4. **Commission's authority to recommend variances of licensing standards.** The commission may recommend to the commissioners of human services and health variances from the standards governing licensure of programs for persons with ~~developmental~~ disabilities in order to improve the quality of services by implementing an alternative ~~developmental~~ disabilities licensing system if the commission determines that the alternative licensing system does not adversely affect the health or safety of persons being served by the licensed program nor compromise the qualifications of staff to provide services.

Sec. 14. Minnesota Statutes 2012, section 256B.0952, subdivision 1, is amended to read:

Subdivision 1. **Notification.** Counties or providers shall give notice to the commission and commissioners of human services and health of intent to join the alternative quality assurance licensing system. A county or provider choosing to participate in the alternative quality assurance licensing system commits to participate for three years.

Sec. 15. Minnesota Statutes 2012, section 256B.0952, subdivision 5, is amended to read:

Subd. 5. **Quality assurance teams.** Quality assurance teams shall be comprised of county staff; providers; consumers, families, and their legal representatives; members of advocacy organizations; and other involved community members. Team members must satisfactorily complete the training program approved by the commission and must demonstrate performance-based competency. Team members are not considered to be county employees for purposes of workers' compensation, unemployment insurance, or state retirement laws solely on the basis of participation on a quality assurance team. ~~The county may pay~~ A per diem may be paid to team members for time spent on alternative quality assurance process matters. All team members may be reimbursed for expenses related to their participation in the alternative process.

Sec. 16. Minnesota Statutes 2012, section 256B.097, subdivision 1, is amended to read:

Subdivision 1. **Scope.** (a) In order to improve the quality of services provided to Minnesotans with disabilities and to meet the requirements of the federally approved home and community-based waivers under section 1915c of the Social Security Act, a State Quality Assurance, Quality Improvement, and Licensing System for Minnesotans receiving disability services is enacted. This system is a partnership between the Department of Human Services and the State Quality Council established under subdivision 3.

(b) This system is a result of the recommendations from the Department of Human Services' licensing and alternative quality assurance study mandated under Laws 2005, First Special Session chapter 4, article 7, section 57, and presented to the legislature in February 2007.

(c) The disability services eligible under this section include:

(1) the home and community-based services waiver programs for persons with developmental disabilities under section 256B.092, subdivision 4, or section 256B.49, including brain injuries and services for those who qualify for nursing facility level of care or hospital facility level of care and any other services licensed under chapter 245D;

(2) home care services under section 256B.0651;

(3) family support grants under section 252.32;

(4) consumer support grants under section 256.476;

(5) semi-independent living services under section 252.275; and

(6) services provided through an intermediate care facility for the developmentally disabled.

(d) For purposes of this section, the following definitions apply:

(1) "commissioner" means the commissioner of human services;

(2) "council" means the State Quality Council under subdivision 3;

(3) "Quality Assurance Commission" means the commission under section 256B.0951; and

(4) "system" means the State Quality Assurance, Quality Improvement and Licensing System under this section.

Sec. 17. Minnesota Statutes 2012, section 256B.097, subdivision 3, is amended to read:

Subd. 3. **State Quality Council.** (a) There is hereby created a State Quality Council which must define regional quality councils, and carry out a community-based, person-directed quality review component, and a comprehensive system for effective incident reporting, investigation, analysis, and follow-up.

(b) By August 1, 2011, the commissioner of human services shall appoint the members of the initial State Quality Council. Members shall include representatives from the following groups:

(1) disability service recipients and their family members;

(2) during the first ~~two~~ four years of the State Quality Council, there must be at least three members from the Region 10 stakeholders. As regional quality councils are formed under subdivision 4, each regional quality council shall appoint one member;

(3) disability service providers;

(4) disability advocacy groups; and

(5) county human services agencies and staff from the Department of Human Services and Ombudsman for Mental Health and Developmental Disabilities.

(c) Members of the council who do not receive a salary or wages from an employer for time spent on council duties may receive a per diem payment when performing council duties and functions.

(d) The State Quality Council shall:

(1) assist the Department of Human Services in fulfilling federally mandated obligations by monitoring disability service quality and quality assurance and improvement practices in Minnesota;

(2) establish state quality improvement priorities with methods for achieving results and provide an annual report to the legislative committees with jurisdiction over policy and funding of disability services on the outcomes, improvement priorities, and activities undertaken by the commission during the previous state fiscal year;

(3) identify issues pertaining to financial and personal risk that impede Minnesotans with disabilities from optimizing choice of community-based services; and

(4) recommend to the chairs and ranking minority members of the legislative committees with jurisdiction over human services and civil law by January 15, ~~2013~~ 2014, statutory and rule changes related to the findings under clause (3) that promote individualized service and housing choices balanced with appropriate individualized protection.

(e) The State Quality Council, in partnership with the commissioner, shall:

(1) approve and direct implementation of the community-based, person-directed system established in this section;

(2) recommend an appropriate method of funding this system, and determine the feasibility of the use of Medicaid, licensing fees, as well as other possible funding options;

(3) approve measurable outcomes in the areas of health and safety, consumer evaluation, education and training, providers, and systems;

(4) establish variable licensure periods not to exceed three years based on outcomes achieved; and

(5) in cooperation with the Quality Assurance Commission, design a transition plan for licensed providers from Region 10 into the alternative licensing system ~~by July 1, 2013~~.

(f) The State Quality Council shall notify the commissioner of human services that a facility, program, or service has been reviewed by quality assurance team members under subdivision 4, paragraph (b), clause (13), and qualifies for a license.

(g) The State Quality Council, in partnership with the commissioner, shall establish an ongoing review process for the system. The review shall take into account the comprehensive nature of the system which is designed to evaluate the broad spectrum of licensed and unlicensed entities that provide services to persons with disabilities. The review shall address efficiencies and effectiveness of the system.

(h) The State Quality Council may recommend to the commissioner certain variances from the standards governing licensure of programs for persons with disabilities in order to improve the quality of services so long as the recommended variances do not adversely affect the health or safety of persons being served or compromise the qualifications of staff to provide services.

(i) The safety standards, rights, or procedural protections referenced under subdivision 2, paragraph (c), shall not be varied. The State Quality Council may make recommendations to the commissioner or to the legislature in the report required under paragraph (c) regarding alternatives or modifications to the safety standards, rights, or procedural protections referenced under subdivision 2, paragraph (c).

(j) The State Quality Council may hire staff to perform the duties assigned in this subdivision.

Sec. 18. Minnesota Statutes 2012, section 256B.431, subdivision 44, is amended to read:

Subd. 44. **Property rate ~~increase~~ increases for ~~a facility in Bloomington effective November 1, 2010~~ certain nursing facilities.** (a) Notwithstanding any other law to the contrary, money available for moratorium projects under section 144A.073, subdivision 11, shall be used, effective November 1, 2010, to fund an approved moratorium exception project for a nursing facility in Bloomington licensed for 137 beds as of November 1, 2010, up to a total property rate adjustment of $19.33.

(b) Effective June 1, 2012, any nursing facility in McLeod County licensed for 110 beds shall have its replacement-cost-new limit under subdivision 17e adjusted to allow $1,129,463 of a completed construction project to increase the property payment rate. Notwithstanding any other law to the contrary, money available under section 144A.073, subdivision 11, after the completion of the moratorium exception approval process in 2013 under section 144A.073, subdivision 3, shall be used to reduce the fiscal impact to the medical assistance budget for the increase in the replacement-cost-new limit.

EFFECTIVE DATE. This section is effective retroactively from June 1, 2012.

Sec. 19. Minnesota Statutes 2012, section 256B.434, subdivision 4, is amended to read:

Subd. 4. **Alternate rates for nursing facilities.** (a) For nursing facilities which have their payment rates determined under this section rather than section 256B.431, the commissioner shall establish a rate under this subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's case mix payment rate for the first rate year of a facility's contract under this section is the payment rate the facility would have received under section 256B.431.

(c) A nursing facility's case mix payment rates for the second and subsequent years of a facility's contract under this section are the previous rate year's contract payment rates plus an inflation adjustment and, for facilities reimbursed under this section or section 256B.431, an adjustment to include the cost of any increase in Health Department licensing fees for the facility taking effect on or after July 1, 2001. The index for the inflation adjustment must be based on the change in the Consumer Price Index-All Items (United States City average) (CPI-U) forecasted by the commissioner of management and budget's national economic consultant, as forecasted in the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined. For the rate years beginning on July 1, 1999, July 1, 2000, July 1, 2001, July 1, 2002, July 1, 2003, July 1, 2004, July 1, 2005, July 1, 2006, July 1, 2007, July 1, 2008, October 1, 2009, and October 1, 2010, this paragraph shall apply only to the property-related payment rate. For the rate years beginning on October 1, 2011, ~~and~~ October 1, 2012, October 1, 2013, October 1, 2014, October 1, 2015, and October 1, 2016, the rate adjustment under this paragraph shall be suspended. Beginning in 2005, adjustment to the property payment rate under this section and section 256B.431 shall be effective on October 1. In determining the amount of the property-related payment rate adjustment under this paragraph, the commissioner shall determine the proportion of the facility's rates that are property-related based on the facility's most recent cost report.

(d) The commissioner shall develop additional incentive-based payments of up to five percent above a facility's operating payment rate for achieving outcomes specified in a contract. The commissioner may solicit contract amendments and implement those which, on a competitive basis, best meet the state's policy objectives. The commissioner shall limit the amount of any incentive payment and the number of contract amendments under this paragraph to operate the incentive payments within funds appropriated for this purpose. The contract amendments may specify various levels of payment for various levels of performance. Incentive payments to facilities under this paragraph may be in the form of time-limited rate adjustments or onetime supplemental payments. In establishing the specified outcomes and related criteria, the commissioner shall consider the following state policy objectives:

(1) successful diversion or discharge of residents to the residents' prior home or other community-based alternatives;

(2) adoption of new technology to improve quality or efficiency;

(3) improved quality as measured in the Nursing Home Report Card;

(4) reduced acute care costs; and

(5) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.

(e) Notwithstanding the threshold in section 256B.431, subdivision 16, facilities that take action to come into compliance with existing or pending requirements of the life safety code provisions or federal regulations governing sprinkler systems must receive reimbursement for the costs associated with compliance if all of the following conditions are met:

(1) the expenses associated with compliance occurred on or after January 1, 2005, and before December 31, 2008;

(2) the costs were not otherwise reimbursed under subdivision 4f or section 144A.071 or 144A.073; and

(3) the total allowable costs reported under this paragraph are less than the minimum threshold established under section 256B.431, subdivision 15, paragraph (e), and subdivision 16.

The commissioner shall use money appropriated for this purpose to provide to qualifying nursing facilities a rate adjustment beginning October 1, 2007, and ending September 30, 2008. Nursing facilities that have spent money or anticipate the need to spend money to satisfy the most recent life safety code requirements by (1) installing a sprinkler system or (2) replacing all or portions of an existing sprinkler system may submit to the commissioner by June 30, 2007, on a form provided by the commissioner the actual costs of a completed project or the estimated costs, based on a project bid, of a planned project. The commissioner shall calculate a rate adjustment equal to the allowable costs of the project divided by the resident days reported for the report year ending September 30, 2006. If the costs from all projects exceed the appropriation for this purpose, the commissioner shall allocate the money appropriated on a pro rata basis to the qualifying facilities by reducing the rate adjustment determined for each facility by an equal percentage. Facilities that used estimated costs when requesting the rate adjustment shall report to the commissioner by January 31, 2009, on the use of this money on a form provided by the commissioner. If the nursing facility fails to provide the report, the commissioner shall recoup the money paid to the facility for this purpose. If the facility reports expenditures allowable under this subdivision that are less than the amount received in the facility's annualized rate adjustment, the commissioner shall recoup the difference.

Sec. 20. Minnesota Statutes 2012, section 256B.434, is amended by adding a subdivision to read:

Subd. 19a. **Nursing facility rate adjustments beginning October 1, 2013.** (a) For the rate year beginning October 1, 2013, the commissioner shall make available to each nursing facility reimbursed under this section a two percent operating payment rate increase.

(b) Seventy-five percent of the money resulting from the rate adjustment under paragraph (a) must be used for increases in compensation-related costs for employees directly employed by the nursing facility on or after the effective date of the rate adjustment, except:

(1) the administrator;

(2) persons employed in the central office of a corporation that has an ownership interest in the nursing facility or exercises control over the nursing facility; and

(3) persons paid by the nursing facility under a management contract.

(c) The commissioner shall allow as compensation-related costs all costs for:

(1) wages and salaries;

(2) FICA taxes, Medicare taxes, state and federal unemployment taxes, and workers' compensation;

(3) the employer's share of health and dental insurance, life insurance, disability insurance, long-term care insurance, uniform allowance, and pensions; and

(4) other benefits provided and workforce needs including the recruiting and training of employees, subject to the approval of the commissioner.

(d) The portion of the rate adjustment under paragraph (a) that is not subject to the requirements of paragraph (b) shall be provided to nursing facilities effective October 1. Nursing facilities may apply for the portion of the rate adjustment under paragraph (a) that is subject to the requirements in paragraph (b). The application must be submitted to the commissioner within six months of the effective date of the rate adjustment, and the nursing facility must provide additional information required by the commissioner within nine months of the effective date of the rate adjustment. The commissioner must respond to all applications within three weeks of receipt. The commissioner may waive the deadlines in this paragraph under extraordinary circumstances, to be determined at the sole discretion of the commissioner. The application must contain:

(1) an estimate of the amounts of money that must be used as specified in paragraph (b);

(2) a detailed distribution plan specifying the allowable compensation-related and wage increases the nursing facility will implement to use the funds available in clause (1);

(3) a description of how the nursing facility will notify eligible employees of the contents of the approved application, which must provide for giving each eligible employee a copy of the approved application, excluding the information required in clause (1), or posting a copy of the approved application, excluding the information required in clause (1), for a period of at least six weeks in an area of the nursing facility to which all eligible employees have access; and

(4) instructions for employees who believe they have not received the compensation-related or wage increases specified in clause (2), as approved by the commissioner, and which must include a mailing address, e-mail address, and the telephone number that may be used by the employee to contact the commissioner or the commissioner's representative.

(e) For the October 1, 2013, rate increase, the commissioner shall ensure that cost increases in distribution plans under paragraph (d), clause (2), that may be included in approved applications, comply with the following requirements:

(1) a portion of the costs resulting from tenure-related wage or salary increases may be considered to be allowable wage increases, according to formulas that the commissioner shall provide, where employee retention is above the average statewide rate of retention of direct care employees;

(2) the annualized amount of increases in costs for the employer's share of health and dental insurance, life insurance, disability insurance, and workers' compensation shall be allowable compensation-related increases if they are effective on or after April 1, 2013, and prior to April 1, 2014; and

(3) for nursing facilities in which employees are represented by an exclusive bargaining representative, the commissioner shall approve the application only upon receipt of a letter of acceptance of the distribution plan, in regard to members of the bargaining unit, signed by the exclusive bargaining agent and dated after May 25, 2013. Upon receipt of the letter of acceptance, the commissioner shall deem all requirements of this provision as having been met in regard to the members of the bargaining unit.

(f) The commissioner shall review applications received under paragraph (e) and shall provide the portion of the rate adjustment under paragraph (b) if the requirements of this statute have been met. The rate adjustment shall be effective October 1. Notwithstanding paragraph (a), if the approved application distributes less money than is available, the amount of the rate adjustment shall be reduced so that the amount of money made available is equal to the amount to be distributed.

(g) The increase in this subdivision shall be applied as a total percentage to operating rates effective September 30, 2013, except that they shall not increase any performance-based incentive payments under section 256B.434, subdivision 4, paragraph (d), awarded prior to the effective date of the rate adjustment. Facilities receiving equitable cost-sharing for publicly owned nursing facilities program rate adjustments under section 256B.441, subdivision 55a, must have rate increases under this paragraph computed based on rates in effect before the increases given under section 256B.441, subdivision 55a.

Sec. 21. Minnesota Statutes 2012, section 256B.437, subdivision 6, is amended to read:

Subd. 6. **Planned closure rate adjustment.** (a) The commissioner of human services shall calculate the amount of the planned closure rate adjustment available under subdivision 3, paragraph (b), for up to 5,140 beds according to clauses (1) to (4):

(1) the amount available is the net reduction of nursing facility beds multiplied by $2,080;

(2) the total number of beds in the nursing facility or facilities receiving the planned closure rate adjustment must be identified;

(3) capacity days are determined by multiplying the number determined under clause (2) by 365; and

(4) the planned closure rate adjustment is the amount available in clause (1), divided by capacity days determined under clause (3).

(b) A planned closure rate adjustment under this section is effective on the first day of the month following completion of closure of the facility designated for closure in the application and becomes part of the nursing facility's ~~total operating~~ external fixed payment rate.

(c) Applicants may use the planned closure rate adjustment to allow for a property payment for a new nursing facility or an addition to an existing nursing facility or as an ~~operating payment~~ external fixed rate adjustment. Applications approved under this subdivision are exempt from other requirements for moratorium exceptions under section 144A.073, subdivisions 2 and 3.

(d) Upon the request of a closing facility, the commissioner must allow the facility a closure rate adjustment as provided under section 144A.161, subdivision 10.

(e) A facility that has received a planned closure rate adjustment may reassign it to another facility that is under the same ownership at any time within three years of its effective date. The amount of the adjustment shall be computed according to paragraph (a).

(f) If the per bed dollar amount specified in paragraph (a), clause (1), is increased, the commissioner shall recalculate planned closure rate adjustments for facilities that delicense beds under this section on or after July 1, 2001, to reflect the increase in the per bed dollar amount. The recalculated planned closure rate adjustment shall be effective from the date the per bed dollar amount is increased.

(g) For planned closures approved after June 30, 2009, the commissioner of human services shall calculate the amount of the planned closure rate adjustment available under subdivision 3, paragraph (b), according to paragraph (a), clauses (1) to (4).

(h) ~~Beginning~~ Between July 16, 2011, and June 30, 2013, the commissioner shall ~~no longer~~ not accept applications for planned closure rate adjustments under subdivision 3.

Sec. 22. Minnesota Statutes 2012, section 256B.441, subdivision 13, is amended to read:

Subd. 13. **External fixed costs.** "External fixed costs" means costs related to the nursing home surcharge under section 256.9657, subdivision 1; licensure fees under section 144.122; until September 30, 2013, long-term care consultation fees under section 256B.0911, subdivision 6; family advisory council fee under section 144A.33; scholarships under section 256B.431, subdivision 36; planned closure rate adjustments under section 256B.437; or single bed room incentives under section 256B.431, subdivision 42; property taxes and property insurance; and PERA.

Sec. 23. Minnesota Statutes 2012, section 256B.441, subdivision 53, is amended to read:

Subd. 53. **Calculation of payment rate for external fixed costs.** The commissioner shall calculate a payment rate for external fixed costs.

(a) For a facility licensed as a nursing home, the portion related to section 256.9657 shall be equal to $8.86. For a facility licensed as both a nursing home and a boarding care home, the portion related to section 256.9657 shall be equal to $8.86 multiplied by the result of its number of nursing home beds divided by its total number of licensed beds.

(b) The portion related to the licensure fee under section 144.122, paragraph (d), shall be the amount of the fee divided by actual resident days.

(c) The portion related to scholarships shall be determined under section 256B.431, subdivision 36.

(d) Until September 30, 2013, the portion related to long-term care consultation shall be determined according to section 256B.0911, subdivision 6.

(e) The portion related to development and education of resident and family advisory councils under section 144A.33 shall be $5 divided by 365.

(f) The portion related to planned closure rate adjustments shall be as determined under section 256B.437, subdivision 6, and Minnesota Statutes 2010, section 256B.436. Planned closure rate adjustments that take effect before October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning October 1, 2016. Planned closure rate adjustments that take effect on or after October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning on October 1 of the first year not less than two years after their effective date.

(g) The portions related to property insurance, real estate taxes, special assessments, and payments made in lieu of real estate taxes directly identified or allocated to the nursing facility shall be the actual amounts divided by actual resident days.

(h) The portion related to the Public Employees Retirement Association shall be actual costs divided by resident days.

(i) The single bed room incentives shall be as determined under section 256B.431, subdivision 42. Single bed room incentives that take effect before October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning October 1, 2016. Single bed room incentives that take effect on or after October 1, 2014, shall no longer be included in the payment rate for external fixed costs beginning on October 1 of the first year not less than two years after their effective date.

(j) The payment rate for external fixed costs shall be the sum of the amounts in paragraphs (a) to (i).

Sec. 24. Minnesota Statutes 2012, section 256B.49, subdivision 11a, is amended to read:

Subd. 11a. **Waivered services statewide priorities.** (a) The commissioner shall establish statewide priorities for individuals on the waiting list for community alternative care, community alternatives for disabled individuals, and brain injury waiver services, as of January 1, 2010. The statewide priorities must include, but are not limited to, individuals who continue to have a need for waiver services after they have maximized the use of state plan services and other funding resources, including natural supports, prior to accessing waiver services, and who meet at least one of the following criteria:

(1) have unstable living situations due to the age, incapacity, or sudden loss of the primary caregivers;

(2) are moving from an institution due to bed closures;

(3) experience a sudden closure of their current living arrangement;

(4) require protection from confirmed abuse, neglect, or exploitation;

(5) experience a sudden change in need that can no longer be met through state plan services or other funding resources alone; or

(6) meet other priorities established by the department.

(b) When allocating resources to lead agencies, the commissioner must take into consideration the number of individuals waiting who meet statewide priorities and the lead agencies' current use of waiver funds and existing service options. The commissioner has the authority to transfer funds between counties, groups of counties, and tribes to accommodate statewide priorities and resource needs while accounting for a necessary base level reserve amount for each county, group of counties, and tribe.

~~(c) The commissioner shall evaluate the impact of the use of statewide priorities and provide recommendations to the legislature on whether to continue the use of statewide priorities in the November 1, 2011, annual report required by the commissioner in sections 256B.0916, subdivision 7, and 256B.49, subdivision 21.~~

Sec. 25. Minnesota Statutes 2012, section 256B.49, subdivision 14, is amended to read:

Subd. 14. **Assessment and reassessment.** (a) Assessments and reassessments shall be conducted by certified assessors according to section 256B.0911, subdivision 2b. With the permission of the recipient or the recipient's designated legal representative, the recipient's current provider of services may submit a written report outlining their recommendations regarding the recipient's care needs prepared by a direct service employee with at least 20 hours of service to that client. The person conducting the assessment or reassessment must notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment and the person or the person's legal representative and must be considered prior to the finalization of the assessment or reassessment.

(b) There must be a determination that the client requires a hospital level of care or a nursing facility level of care as defined in section 256B.0911, subdivision 4a, paragraph (d), at initial and subsequent assessments to initiate and maintain participation in the waiver program.

(c) Regardless of other assessments identified in section 144.0724, subdivision 4, as appropriate to determine nursing facility level of care for purposes of medical assistance payment for nursing facility services, only face-to-face assessments conducted according to section 256B.0911, subdivisions 3a, 3b, and 4d, that result in a hospital level of care determination or a nursing facility level of care determination must be accepted for purposes of initial and ongoing access to waiver services payment.

(d) Recipients who are found eligible for home and community-based services under this section before their 65th birthday may remain eligible for these services after their 65th birthday if they continue to meet all other eligibility factors.

(e) The commissioner shall develop criteria to identify recipients whose level of functioning is reasonably expected to improve and reassess these recipients to establish a baseline assessment. Recipients who meet these criteria must have a comprehensive transitional service plan developed under subdivision 15, paragraphs (b) and (c), and be reassessed every six months until there has been no significant change in the recipient's functioning for at least 12 months. Upon federal approval, if the recipient is able to have the recipient's needs met through alternative services in a less restrictive setting, the case manager shall help the recipient develop a plan to transition to an appropriate less restrictive setting. After there has been no significant change in the recipient's functioning for at least 12 months, reassessments of the recipient's strengths, informal support systems, and need for services shall be conducted at least every 12 months and at other times when there has been a significant change in the recipient's functioning. Counties, case managers, and service providers are responsible for conducting these reassessments and shall complete the reassessments out of existing funds.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 26. Minnesota Statutes 2012, section 256B.49, subdivision 15, is amended to read:

Subd. 15. **Coordinated service and support plan; comprehensive transitional service plan; maintenance service plan.** (a) Each recipient of home and community-based waivered services shall be provided a copy of the written coordinated service and support plan which meets the requirements in section 256B.092, subdivision 1b.

(b) In developing the comprehensive transitional service plan, the individual receiving services, the case manager, and the guardian, if applicable, will identify the transitional service plan fundamental service outcome and anticipated timeline to achieve this outcome. Within the first 20 days following a recipient's request for an assessment or reassessment, the transitional service planning team must be identified. A team leader must be identified who will be responsible for assigning responsibility and communicating with team members to ensure implementation of the transition plan and ongoing assessment and communication process. The team leader should be an individual, such as the case manager or guardian, who has the opportunity to follow the recipient to the next level of service.

Within ten days following an assessment, a comprehensive transitional service plan must be developed incorporating elements of a comprehensive functional assessment and including short-term measurable outcomes and timelines for achievement of and reporting on these outcomes. Functional milestones must also be identified and reported according to the timelines agreed upon by the transitional service planning team. In addition, the comprehensive transitional service plan must identify additional supports that may assist in the achievement of the fundamental service outcome such as the development of greater natural community support, increased collaboration among agencies, and technological supports.

The timelines for reporting on functional milestones will prompt a reassessment of services provided, the units of services, rates, and appropriate service providers. It is the responsibility of the transitional service planning team leader to review functional milestone reporting to determine if the milestones are consistent with observable skills and that milestone achievement prompts any needed changes to the comprehensive transitional service plan.

For those whose fundamental transitional service outcome involves the need to procure housing, a plan for the recipient to seek the resources necessary to secure the least restrictive housing possible should be incorporated into the plan, including employment and public supports such as housing access and shelter needy funding.

(c) Counties and other agencies responsible for funding community placement and ongoing community supportive services are responsible for the implementation of the comprehensive transitional service plans. Oversight responsibilities include both ensuring effective transitional service delivery and efficient utilization of funding resources.

(d) Following one year of transitional services, the transitional services planning team will make a determination as to whether or not the individual receiving services requires the current level of continuous and consistent support in order to maintain the recipient's current level of functioning. Recipients who are determined to have not had a significant change in functioning for 12 months must move from a transitional to a maintenance service plan. Recipients on a maintenance service plan must be reassessed to determine if the recipient would benefit from a transitional service plan at least every 12 months and at other times when there has been a significant change in the recipient's functioning. This assessment should consider any changes to technological or natural community supports.

(e) When a county is evaluating denials, reductions, or terminations of home and community-based services under section 256B.49 for an individual, the case manager shall offer to meet with the individual or the individual's guardian in order to discuss the prioritization of service needs within the coordinated service and support plan, comprehensive transitional service plan, or maintenance service plan. The reduction in the authorized services for an individual due to changes in funding for waivered services may not exceed the amount needed to ensure medically necessary services to meet the individual's health, safety, and welfare.

(f) At the time of reassessment, local agency case managers shall assess each recipient of community alternatives for disabled individuals or brain injury waivered services currently residing in a licensed adult foster home that is not the primary residence of the license holder, or in which the license holder is not the primary caregiver, to determine if that recipient could appropriately be served in a community-living setting. If appropriate for the recipient, the case manager shall offer the recipient, through a person-centered planning process, the option to receive alternative housing and service options. In the event that the recipient chooses to transfer from the adult foster home, the vacated bed shall not be filled with another recipient of waiver services and group residential housing and the licensed capacity shall be reduced accordingly, unless the savings required by the licensed bed closure reductions under Laws 2011, First Special Session chapter 9, article 7, sections 1 and 40, paragraph (f), for foster care settings where the physical location is not the primary residence of the license holder are met through voluntary changes described in section 245A.03, subdivision 7, paragraph ~~(f)~~ (e), or as provided under paragraph (a), clauses (3) and (4). If the adult foster home becomes no longer viable due to these transfers, the county agency, with the assistance of the department, shall facilitate a consolidation of settings or closure. This reassessment process shall be completed by July 1, 2013.

Sec. 27. Minnesota Statutes 2012, section 256B.49, is amended by adding a subdivision to read:

Subd. 25. **Excess allocations.** County and tribal agencies will be responsible for authorizations in excess of the allocation made by the commissioner. In the event a county or tribal agency authorizes in excess of the allocation made by the commissioner for a given allocation period, they must submit a corrective action plan to the commissioner. The plan must state the actions the agency will take to correct their over-authorization for the year following the period when the over-authorization occurred. Failure to correct over-authorizations shall result in

recoupment of authorizations in excess of the allocation. Nothing in this subdivision shall be construed as reducing the county's responsibility to offer and make available feasible home and community-based options to eligible waiver recipients within the resources allocated to them for that purpose.

Sec. 28. Minnesota Statutes 2012, section 256B.492, is amended to read:

256B.492 HOME AND COMMUNITY-BASED SETTINGS FOR PEOPLE WITH DISABILITIES.

(a) Individuals receiving services under a home and community-based waiver under section 256B.092 or 256B.49 may receive services in the following settings:

(1) an individual's own home or family home;

(2) a licensed adult foster care setting of up to five people; and

(3) community living settings as defined in section 256B.49, subdivision 23, where individuals with disabilities may reside in all of the units in a building of four or fewer units, and no more than the greater of four or 25 percent of the units in a multifamily building of more than four units, unless required by the Housing Opportunities for Persons with AIDS program.

(b) The settings in paragraph (a) must not:

(1) be located in a building that is a publicly or privately operated facility that provides institutional treatment or custodial care;

(2) be located in a building on the grounds of or adjacent to a public or private institution;

(3) be a housing complex designed expressly around an individual's diagnosis or disability, unless required by the Housing Opportunities for Persons with AIDS program;

(4) be segregated based on a disability, either physically or because of setting characteristics, from the larger community; and

(5) have the qualities of an institution which include, but are not limited to: regimented meal and sleep times, limitations on visitors, and lack of privacy. Restrictions agreed to and documented in the person's individual service plan shall not result in a residence having the qualities of an institution as long as the restrictions for the person are not imposed upon others in the same residence and are the least restrictive alternative, imposed for the shortest possible time to meet the person's needs.

(c) The provisions of paragraphs (a) and (b) do not apply to any setting in which individuals receive services under a home and community-based waiver as of July 1, 2012, and the setting does not meet the criteria of this section.

(d) Notwithstanding paragraph (c), a program in Hennepin County established as part of a Hennepin County demonstration project is qualified for the exception allowed under paragraph (c).

(e) The commissioner shall submit an amendment to the waiver plan no later than December 31, 2012.

Sec. 29. Minnesota Statutes 2012, section 256B.493, subdivision 2, is amended to read:

Subd. 2. **Planned closure process needs determination.** The commissioner shall announce and implement a program for planned closure of adult foster care homes. Planned closure shall be the preferred method for achieving necessary budgetary savings required by the licensed bed closure budget reduction in section 245A.03, subdivision 7, paragraph ~~(d)~~ (c). If additional closures are required to achieve the necessary savings, the commissioner shall use the process and priorities in section 245A.03, subdivision 7, paragraph ~~(d)~~ (c).

Sec. 30. Minnesota Statutes 2012, section 256B.5012, is amended by adding a subdivision to read:

Subd. 14. **Rate increase effective June 1, 2013.** For rate periods beginning on or after June 1, 2013, the commissioner shall increase the total operating payment rate for each facility reimbursed under this section by $7.81 per day. The increase shall not be subject to any annual percentage increase.

EFFECTIVE DATE. This section is effective June 1, 2013.

Sec. 31. Minnesota Statutes 2012, section 256B.5012, is amended by adding a subdivision to read:

Subd. 15. **ICF/DD rate increases effective July 1, 2013.** (a) Notwithstanding subdivision 12, for each facility reimbursed under this section, for the rate period beginning July 1, 2013, the commissioner shall increase operating payments equal to two percent of the operating payment rates in effect on June 30, 2013.

(b) For each facility, the commissioner shall apply the rate increase based on occupied beds, using the percentage specified in this subdivision multiplied by the total payment rate, including the variable rate, but excluding the property-related payment rate in effect on the preceding date. The total rate increase shall include the adjustment provided in section 256B.501, subdivision 12.

Sec. 32. Minnesota Statutes 2012, section 256B.69, is amended by adding a subdivision to read:

Subd. 32a. **Initiatives to improve early screening, diagnosis, and treatment of children with autism spectrum disorder and other developmental conditions.** (a) The commissioner shall require managed care plans and county-based purchasing plans, as a condition of contract, to implement strategies that facilitate access for young children between the ages of one and three years to periodic developmental and social-emotional screenings, as recommended by the Minnesota Interagency Developmental Screening Task Force, and that those children who do not meet milestones are provided access to appropriate evaluation and assessment, including treatment recommendations, expected to improve the child's functioning, with the goal of meeting milestones by age five.

(b) The managed care plans must report the following data annually:

(1) the number of children who received a diagnostic assessment;

(2) the total number of children ages one to six with a diagnosis of autism spectrum disorder who received treatments;

(3) the number of children identified under clause (2) reported by each 12-month age group beginning with age one and ending with age six;

(4) the types of treatments provided to children identified under clause (2) listed by billing code, including the number of units billed for each child;

(5) barriers to providing screening, diagnosis, and treatment of young children between the ages of one and three years and any strategies implemented to address those barriers; and

(6) recommendations on how to measure and report on the effectiveness of the strategies implemented to facilitate access for young children to provide developmental and social-emotional screening, diagnosis, and treatment.

Sec. 33. Laws 2011, First Special Session chapter 9, article 10, section 3, subdivision 3, as amended by Laws 2012, chapter 247, article 4, section 43, is amended to read:

Subd. 3. **Forecasted Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MFIP/DWP Grants**

	Appropriations by Fund			
General	84,680,000	91,978,000		
Federal TANF	84,425,000	75,417,000		

(b) **MFIP Child Care Assistance Grants**	55,456,000	30,923,000
(c) **General Assistance Grants**	49,192,000	46,938,000

General Assistance Standard. The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at $203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than $6,689,812 in fiscal year 2012 and $6,729,812 in fiscal year 2013. Funds to counties shall be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06.

(d) **Minnesota Supplemental Aid Grants**	38,095,000	39,120,000
(e) **Group Residential Housing Grants**	121,080,000	129,238,000
(f) **MinnesotaCare Grants**	295,046,000	317,272,000

This appropriation is from the health care access fund.

(g) **Medical Assistance Grants**	4,501,582,000	4,437,282,000

Managed Care Incentive Payments. The commissioner shall not make managed care incentive payments for expanding preventive services during fiscal years beginning July 1, 2011, and July 1, 2012.

Reduction of Rates for Congregate Living for Individuals with Lower Needs. Beginning October 1, 2011, lead agencies must reduce rates in effect on January 1, 2011, by ten percent for individuals with lower needs living in foster care settings where the license holder does not share the residence with recipients on the CADI and DD waivers and customized living settings for CADI. Lead agencies shall consult with providers to review individual service plans and identify changes or modifications to reduce the utilization of services while maintaining the health and safety of the individual receiving services. Lead agencies must adjust contracts within 60 days of the effective date. If federal waiver approval is obtained under the long-term care realignment waiver application submitted on February 13, 2012, and federal

financial participation is authorized for the alternative care program, the commissioner shall adjust this payment rate reduction from ten to five percent for services rendered on or after July 1, 2012, or the first day of the month following federal approval, whichever is later. Effective August 1, 2013, this provision does not apply to individuals whose primary diagnosis is mental illness and who are living in foster care settings where the license holder is also (1) a provider of assertive community treatment (ACT) or adult rehabilitative mental health services (ARMHS) as defined in Minnesota Statutes, section 256B.0623; (2) a mental health center or mental health clinic certified under Minnesota Rules, parts 9520.0750 to 9520.0870; or (3) a provider of intensive residential treatment services (IRTS) licensed under Minnesota Rules, parts 9520.0500 to 9520.0670.

Reduction of Lead Agency Waiver Allocations to Implement Rate Reductions for Congregate Living for Individuals with Lower Needs. Beginning October 1, 2011, the commissioner shall reduce lead agency waiver allocations to implement the reduction of rates for individuals with lower needs living in foster care settings where the license holder does not share the residence with recipients on the CADI and DD waivers and customized living settings for CADI.

Reduce customized living and 24-hour customized living component rates. Effective July 1, 2011, the commissioner shall reduce elderly waiver customized living and 24-hour customized living component service spending by five percent through reductions in component rates and service rate limits. The commissioner shall adjust the elderly waiver capitation payment rates for managed care organizations paid under Minnesota Statutes, section 256B.69, subdivisions 6a and 23, to reflect reductions in component spending for customized living services and 24-hour customized living services under Minnesota Statutes, section 256B.0915, subdivisions 3e and 3h, for the contract period beginning January 1, 2012. To implement the reduction specified in this provision, capitation rates paid by the commissioner to managed care organizations under Minnesota Statutes, section 256B.69, shall reflect a ten percent reduction for the specified services for the period January 1, 2012, to June 30, 2012, and a five percent reduction for those services on or after July 1, 2012.

Limit Growth in the Developmental Disability Waiver. The commissioner shall limit growth in the developmental disability waiver to six diversion allocations per month beginning July 1, 2011, through June 30, 2013, and 15 diversion allocations per month beginning July 1, 2013, through June 30, 2015. Waiver allocations shall be targeted to individuals who meet the priorities for accessing waiver services identified in Minnesota Statutes, 256B.092, subdivision 12. The limits do not include conversions from intermediate care facilities for persons with developmental disabilities. Notwithstanding any contrary provisions in this article, this paragraph expires June 30, 2015.

Limit Growth in the Community Alternatives for Disabled Individuals Waiver. The commissioner shall limit growth in the community alternatives for disabled individuals waiver to 60 allocations per month beginning July 1, 2011, through June 30, 2013, and 85 allocations per month beginning July 1, 2013, through June 30, 2015. Waiver allocations must be targeted to individuals who meet the priorities for accessing waiver services identified in Minnesota Statutes, section 256B.49, subdivision 11a. The limits include conversions and diversions, unless the commissioner has approved a plan to convert funding due to the closure or downsizing of a residential facility or nursing facility to serve directly affected individuals on the community alternatives for disabled individuals waiver. Notwithstanding any contrary provisions in this article, this paragraph expires June 30, 2015.

Personal Care Assistance Relative Care. The commissioner shall adjust the capitation payment rates for managed care organizations paid under Minnesota Statutes, section 256B.69, to reflect the rate reductions for personal care assistance provided by a relative pursuant to Minnesota Statutes, section 256B.0659, subdivision 11. This rate reduction is effective July 1, 2013.

(h) **Alternative Care Grants**	46,421,000	46,035,000

Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

(i) **Chemical Dependency Entitlement Grants**	94,675,000	93,298,000

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 34. **RECOMMENDATIONS FOR CONCENTRATION LIMITS ON HOME AND COMMUNITY-BASED SETTINGS.**

The commissioner of human services shall consult with the Minnesota Olmstead subcabinet, advocates, providers, and city representatives to develop recommendations on concentration limits on home and community-based settings, as defined in Minnesota Statutes, section 256B.492, as well as any other exceptions to the definition. The recommendations must be consistent with Minnesota's Olmstead plan. The recommendations and proposed legislation must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by February 1, 2014.

Sec. 35. **PROVIDER RATE AND GRANT INCREASES EFFECTIVE JULY 1, 2013.**

(a) The commissioner of human services shall increase reimbursement rates, grants, allocations, individual limits, and rate limits, as applicable, by two percent for the rate period beginning July 1, 2013, for services rendered on or after those dates. County or tribal contracts for services specified in this section must be amended to pass through these rate increases within 60 days of the effective date.

(b) The rate changes described in this section must be provided to:

(1) home and community-based waivered services for persons with developmental disabilities or related conditions, including consumer-directed community supports, under Minnesota Statutes, section 256B.501;

(2) waivered services under community alternatives for disabled individuals, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(3) community alternative care waivered services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(4) traumatic brain injury waivered services, including consumer-directed community supports, under Minnesota Statutes, section 256B.49;

(5) home and community-based waivered services for the elderly under Minnesota Statutes, section 256B.0915;

(6) nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a;

(7) personal care services and qualified professional supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivisions 6a and 19a;

(8) private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7;

(9) day training and habilitation services for adults with developmental disabilities or related conditions under Minnesota Statutes, sections 252.40 to 252.46, including the additional cost of rate adjustments on day training and habilitation services, provided as a social service, under Minnesota Statutes, section 256M.60;

(10) alternative care services under Minnesota Statutes, section 256B.0913;

(11) living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living under Laws 1988, chapter 689;

(12) semi-independent living services (SILS) under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I;

(13) consumer support grants under Minnesota Statutes, section 256.476;

(14) family support grants under Minnesota Statutes, section 252.32;

(15) housing access grants under Minnesota Statutes, section 256B.0658;

(16) self-advocacy grants under Laws 2009, chapter 101; and

(17) technology grants under Laws 2009, chapter 79.

(c) A managed care plan receiving state payments for the services in this section must include these increases in their payments to providers. To implement the rate increase in this section, capitation rates paid by the commissioner to managed care organizations under Minnesota Statutes, section 256B.69, shall reflect a two percent increase for the specified services for the period beginning July 1, 2013.

(d) Counties shall increase the budget for each recipient of consumer-directed community supports by the amounts in paragraph (a) on the effective dates in paragraph (a).

Sec. 36. **TRAINING OF AUTISM SERVICE PROVIDERS.**

The commissioners of health and human services shall ensure that the departments' autism-related service providers receive training in culturally appropriate approaches to serving the Somali, Latino, Hmong, and Indigenous American Indian communities, and other cultural groups experiencing a disproportionate incidence of autism.

Sec. 37. **DIRECTION TO COMMISSIONER.**

By January 1, 2014, the commissioner of human services shall apply to the federal Centers for Medicare and Medicaid Services for a waiver or other authority to provide applied behavioral analysis services to children with autism spectrum disorder and related conditions under the medical assistance program.

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

Sec. 38. **RECOMMENDATIONS ON RAISING THE ASSET LIMITS FOR SENIORS AND PERSONS WITH DISABILITIES.**

The commissioner of human services shall consult with interested stakeholders to develop recommendations to increase the asset limit a reasonable amount considering changes since the limit was established for (1) individuals who are not homeowners and (2) homeowners eligible for medical assistance due to disability or age who are not residing in a nursing facility, intermediate care facility for persons with developmental disabilities, or other institution whose costs for room and board are covered by medical assistance or state funds. The recommendations must be provided to the legislative committees with jurisdiction over health and human services policy and finance by February 1, 2014.

Sec. 39. **NURSING HOME LEVEL OF CARE REPORT.**

(a) The commissioner of human services shall report on the impact of the nursing home level of care implementation including the following:

(1) the number of individuals who lost waivered services and medical assistance;

(2) the result of the loss of services;

(3) information on where individuals were living before and after the nursing home level of care changes took effect to show the impact on an individual's ability to maintain independence in the community; and

(4) utilization data before and after nursing home level of care implementation for those who retained medical assistance including which essential community support and personal care assistant services were used, and to what extent the $400 essential community support grant was sufficient to meet needs.

(b) The commissioner of human services shall report to the chairs of the legislative committees with jurisdiction over health and human services policy and finance with the information required under paragraph (a) on October 1, 2014, and annually thereafter.

Sec. 40. **REPEALER.**

(a) Minnesota Statutes 2012, sections 256B.14, subdivision 3a; and 256B.5012, subdivision 13, and Laws 2011, First Special Session chapter 9, article 7, section 54, as amended by Laws 2012, chapter 247, article 4, section 42, and Laws 2012, chapter 298, section 3, are repealed.

(b) Minnesota Statutes 2012, section 256B.096, subdivisions 1, 2, 3, and 4, are repealed.

ARTICLE 8
WAIVER PROVIDER STANDARDS

Section 1. Minnesota Statutes 2012, section 145C.01, subdivision 7, is amended to read:

Subd. 7. **Health care facility.** "Health care facility" means a hospital or other entity licensed under sections 144.50 to 144.58, a nursing home licensed to serve adults under section 144A.02, a home care provider licensed under sections 144A.43 to 144A.47, an adult foster care provider licensed under chapter 245A and Minnesota Rules, parts 9555.5105 to 9555.6265, a community residential setting licensed under chapter 245D, or a hospice provider licensed under sections 144A.75 to 144A.755.

Sec. 2. Minnesota Statutes 2012, section 243.166, subdivision 4b, is amended to read:

Subd. 4b. **Health care facility; notice of status.** (a) For the purposes of this subdivision, "health care facility" means a facility:

(1) licensed by the commissioner of health as a hospital, boarding care home or supervised living facility under sections 144.50 to 144.58, or a nursing home under chapter 144A;

(2) registered by the commissioner of health as a housing with services establishment as defined in section 144D.01; or

(3) licensed by the commissioner of human services as a residential facility under chapter 245A to provide adult foster care, adult mental health treatment, chemical dependency treatment to adults, or residential services to persons with ~~developmental~~ disabilities.

(b) Prior to admission to a health care facility, a person required to register under this section shall disclose to:

(1) the health care facility employee processing the admission the person's status as a registered predatory offender under this section; and

(2) the person's corrections agent, or if the person does not have an assigned corrections agent, the law enforcement authority with whom the person is currently required to register, that inpatient admission will occur.

(c) A law enforcement authority or corrections agent who receives notice under paragraph (b) or who knows that a person required to register under this section is planning to be admitted and receive, or has been admitted and is receiving health care at a health care facility shall notify the administrator of the facility and deliver a fact sheet to the administrator containing the following information: (1) name and physical description of the offender; (2) the offender's conviction history, including the dates of conviction; (3) the risk level classification assigned to the offender under section 244.052, if any; and (4) the profile of likely victims.

(d) Except for a hospital licensed under sections 144.50 to 144.58, if a health care facility receives a fact sheet under paragraph (c) that includes a risk level classification for the offender, and if the facility admits the offender, the facility shall distribute the fact sheet to all residents at the facility. If the facility determines that distribution to a resident is not appropriate given the resident's medical, emotional, or mental status, the facility shall distribute the fact sheet to the patient's next of kin or emergency contact.

Sec. 3. **[245.8251] POSITIVE SUPPORT STRATEGIES AND EMERGENCY MANUAL RESTRAINT; LICENSED FACILITIES AND PROGRAMS.**

Subdivision 1. **Rules.** The commissioner of human services shall, within 24 months of enactment of this section, adopt rules governing the use of positive support strategies, safety interventions, and emergency use of manual restraint in facilities and services licensed under chapter 245D.

Subd. 2. **Data collection.** (a) The commissioner shall, with stakeholder input, develop data collection elements specific to incidents on the use of controlled procedures with persons receiving services from providers regulated under Minnesota Rules, parts 9525.2700 to 9525.2810, and incidents involving persons receiving services from providers identified to be licensed under chapter 245D effective January 1, 2014. Providers shall report the data in a format and at a frequency provided by the commissioner of human services.

(b) Beginning July 1, 2013, providers regulated under Minnesota Rules, parts 9525.2700 to 9525.2810, shall submit data regarding the use of all controlled procedures in a format and at a frequency provided by the commissioner.

Sec. 4. Minnesota Statutes 2012, section 245A.02, subdivision 10, is amended to read:

Subd. 10. **Nonresidential program.** "Nonresidential program" means care, supervision, rehabilitation, training or habilitation of a person provided outside the person's own home and provided for fewer than 24 hours a day, including adult day care programs; and chemical dependency or chemical abuse programs that are located in a nursing home or hospital and receive public funds for providing chemical abuse or chemical dependency treatment services under chapter 254B. Nonresidential programs include home and community-based services ~~and semi-independent living services~~ for persons with ~~developmental~~ disabilities or persons age 65 and older that are provided in or outside of a person's own home under chapter 245D.

Sec. 5. Minnesota Statutes 2012, section 245A.02, subdivision 14, is amended to read:

Subd. 14. **Residential program.** "Residential program" means a program that provides 24-hour-a-day care, supervision, food, lodging, rehabilitation, training, education, habilitation, or treatment outside a person's own home, including a program in an intermediate care facility for four or more persons with developmental disabilities; and chemical dependency or chemical abuse programs that are located in a hospital or nursing home and receive public funds for providing chemical abuse or chemical dependency treatment services under chapter 254B. Residential programs include home and community-based services for persons with ~~developmental~~ disabilities or persons age 65 and older that are provided in or outside of a person's own home under chapter 245D.

Sec. 6. Minnesota Statutes 2012, section 245A.03, subdivision 7, is amended to read:

Subd. 7. **Licensing moratorium.** (a) The commissioner shall not issue an initial license for child foster care licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, under this chapter for a physical location that will not be the primary residence of the license holder for the entire period of licensure. If a license is issued during this moratorium, and the license holder changes the license holder's primary residence away from the physical location of the foster care license, the commissioner shall revoke the license according to section 245A.07. The commissioner shall not issue an initial license for a community residential setting licensed under chapter 245D. Exceptions to the moratorium include:

(1) foster care settings that are required to be registered under chapter 144D;

(2) foster care licenses replacing foster care licenses in existence on May 15, 2009, or community residential setting licenses replacing adult foster care licenses in existence on December 31, 2013, and determined to be needed by the commissioner under paragraph (b);

(3) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for the closure of a nursing facility, ICF/MR, or regional treatment center, or restructuring of state-operated services that limits the capacity of state-operated facilities;

(4) new foster care licenses or community residential setting licenses determined to be needed by the commissioner under paragraph (b) for persons requiring hospital level care; or

(5) new foster care licenses or community residential setting licenses determined to be needed by the commissioner for the transition of people from personal care assistance to the home and community-based services.

(b) The commissioner shall determine the need for newly licensed foster care homes or community residential settings as defined under this subdivision. As part of the determination, the commissioner shall consider the availability of foster care capacity in the area in which the licensee seeks to operate, and the recommendation of the local county board. The determination by the commissioner must be final. A determination of need is not required for a change in ownership at the same address.

(c) The commissioner shall study the effects of the license moratorium under this subdivision and shall report back to the legislature by January 15, 2011. This study shall include, but is not limited to the following:

(1) the overall capacity and utilization of foster care beds where the physical location is not the primary residence of the license holder prior to and after implementation of the moratorium;

(2) the overall capacity and utilization of foster care beds where the physical location is the primary residence of the license holder prior to and after implementation of the moratorium; and

(3) the number of licensed and occupied ICF/MR beds prior to and after implementation of the moratorium.

(d) When a ~~foster care recipient~~ resident served by the program moves out of a foster home that is not the primary residence of the license holder according to section 256B.49, subdivision 15, paragraph (f), or the community residential setting, the county shall immediately inform the Department of Human Services Licensing Division. The department shall decrease the statewide licensed capacity for foster care settings where the physical location is not the primary residence of the license holder, or for community residential settings, if the voluntary changes described in paragraph (f) are not sufficient to meet the savings required by reductions in licensed bed capacity under Laws 2011, First Special Session chapter 9, article 7, sections 1 and 40, paragraph (f), and maintain statewide long-term care residential services capacity within budgetary limits. Implementation of the statewide licensed capacity reduction shall begin on July 1, 2013. The commissioner shall delicense up to 128 beds by June 30, 2014, using the needs determination process. Under this paragraph, the commissioner has the authority to reduce unused licensed capacity of a current foster care program, or the community residential settings, to accomplish the consolidation or closure of settings. A decreased licensed capacity according to this paragraph is not subject to appeal under this chapter.

(e) Residential settings that would otherwise be subject to the decreased license capacity established in paragraph (d) shall be exempt under the following circumstances:

(1) until August 1, 2013, the license holder's beds occupied by residents whose primary diagnosis is mental illness and the license holder is:

(i) a provider of assertive community treatment (ACT) or adult rehabilitative mental health services (ARMHS) as defined in section 256B.0623;

(ii) a mental health center certified under Minnesota Rules, parts 9520.0750 to 9520.0870;

(iii) a mental health clinic certified under Minnesota Rules, parts 9520.0750 to 9520.0870; or

(iv) a provider of intensive residential treatment services (IRTS) licensed under Minnesota Rules, parts 9520.0500 to 9520.0670; or

(2) the license holder is certified under the requirements in subdivision 6a or section 245D.33.

(f) A resource need determination process, managed at the state level, using the available reports required by section 144A.351, and other data and information shall be used to determine where the reduced capacity required under paragraph (d) will be implemented. The commissioner shall consult with the stakeholders described in section 144A.351, and employ a variety of methods to improve the state's capacity to meet long-term care service needs within budgetary limits, including seeking proposals from service providers or lead agencies to change service type, capacity, or location to improve services, increase the independence of residents, and better meet needs identified by the long-term care services reports and statewide data and information. By February 1 of each year, the commissioner shall provide information and data on the overall capacity of licensed long-term care services, actions taken under this subdivision to manage statewide long-term care services and supports resources, and any recommendations for change to the legislative committees with jurisdiction over health and human services budget.

(g) At the time of application and reapplication for licensure, the applicant and the license holder that are subject to the moratorium or an exclusion established in paragraph (a) are required to inform the commissioner whether the physical location where the foster care will be provided is or will be the primary residence of the license holder for the entire period of licensure. If the primary residence of the applicant or license holder changes, the applicant or license holder must notify the commissioner immediately. The commissioner shall print on the foster care license certificate whether or not the physical location is the primary residence of the license holder.

(h) License holders of foster care homes identified under paragraph (g) that are not the primary residence of the license holder and that also provide services in the foster care home that are covered by a federally approved home and community-based services waiver, as authorized under section 256B.0915, 256B.092, or 256B.49, must inform the human services licensing division that the license holder provides or intends to provide these waiver-funded services. ~~These license holders must be considered registered under section 256B.092, subdivision 11, paragraph (c), and this registration status must be identified on their license certificates.~~

Sec. 7. Minnesota Statutes 2012, section 245A.03, subdivision 8, is amended to read:

Subd. 8. **Excluded providers seeking licensure.** Nothing in this section shall prohibit a program that is excluded from licensure under subdivision 2, paragraph (a), clause ~~(28)~~ (26), from seeking licensure. The commissioner shall ensure that any application received from such an excluded provider is processed in the same manner as all other applications for child care center licensure.

Sec. 8. Minnesota Statutes 2012, section 245A.042, subdivision 3, is amended to read:

Subd. 3. **Implementation.** (a) The commissioner shall implement the responsibilities of this chapter according to the timelines in paragraphs (b) and (c) only within the limits of available appropriations or other administrative cost recovery methodology.

(b) The licensure of home and community-based services according to this section shall be implemented January 1, 2014. License applications shall be received and processed on a phased-in schedule as determined by the commissioner beginning July 1, 2013. Licenses will be issued thereafter upon the commissioner's determination that the application is complete according to section 245A.04.

(c) Within the limits of available appropriations or other administrative cost recovery methodology, implementation of compliance monitoring must be phased in after January 1, 2014.

(1) Applicants who do not currently hold a license issued under ~~this~~ chapter 245B must receive an initial compliance monitoring visit after 12 months of the effective date of the initial license for the purpose of providing technical assistance on how to achieve and maintain compliance with the applicable law or rules governing the provision of home and community-based services under chapter 245D. If during the review the commissioner finds that the license holder has failed to achieve compliance with an applicable law or rule and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the commissioner may issue a licensing review report with recommendations for achieving and maintaining compliance.

(2) Applicants who do currently hold a license issued under this chapter must receive a compliance monitoring visit after 24 months of the effective date of the initial license.

(d) Nothing in this subdivision shall be construed to limit the commissioner's authority to suspend or revoke a license or issue a fine at any time under section 245A.07, or ~~make~~ issue correction orders and make a license conditional for failure to comply with applicable laws or rules under section 245A.06, based on the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program.

Sec. 9. Minnesota Statutes 2012, section 245A.08, subdivision 2a, is amended to read:

Subd. 2a. **Consolidated contested case hearings.** (a) When a denial of a license under section 245A.05 or a licensing sanction under section 245A.07, subdivision 3, is based on a disqualification for which reconsideration was requested and which was not set aside under section 245C.22, the scope of the contested case hearing shall include the disqualification and the licensing sanction or denial of a license, unless otherwise specified in this subdivision. When the licensing sanction or denial of a license is based on a determination of maltreatment under section 626.556 or 626.557, or a disqualification for serious or recurring maltreatment which was not set aside, the scope of the contested case hearing shall include the maltreatment determination, disqualification, and the licensing sanction or denial of a license, unless otherwise specified in this subdivision. In such cases, a fair hearing under section 256.045 shall not be conducted as provided for in sections 245C.27, 626.556, subdivision 10i, and 626.557, subdivision 9d.

(b) Except for family child care and child foster care, reconsideration of a maltreatment determination under sections 626.556, subdivision 10i, and 626.557, subdivision 9d, and reconsideration of a disqualification under section 245C.22, shall not be conducted when:

(1) a denial of a license under section 245A.05, or a licensing sanction under section 245A.07, is based on a determination that the license holder is responsible for maltreatment or the disqualification of a license holder is based on serious or recurring maltreatment;

(2) the denial of a license or licensing sanction is issued at the same time as the maltreatment determination or disqualification; and

(3) the license holder appeals the maltreatment determination or disqualification, and denial of a license or licensing sanction. In these cases, a fair hearing shall not be conducted under sections 245C.27, 626.556, subdivision 10i, and 626.557, subdivision 9d. The scope of the contested case hearing must include the maltreatment determination, disqualification, and denial of a license or licensing sanction.

Notwithstanding clauses (1) to (3), if the license holder appeals the maltreatment determination or disqualification, but does not appeal the denial of a license or a licensing sanction, reconsideration of the maltreatment determination shall be conducted under sections 626.556, subdivision 10i, and 626.557, subdivision 9d, and reconsideration of the disqualification shall be conducted under section 245C.22. In such cases, a fair hearing shall also be conducted as provided under sections 245C.27, 626.556, subdivision 10i, and 626.557, subdivision 9d.

(c) In consolidated contested case hearings regarding sanctions issued in family child care, child foster care, family adult day services, ~~and~~ adult foster care, and community residential settings, the county attorney shall defend the commissioner's orders in accordance with section 245A.16, subdivision 4.

(d) The commissioner's final order under subdivision 5 is the final agency action on the issue of maltreatment and disqualification, including for purposes of subsequent background studies under chapter 245C and is the only administrative appeal of the final agency determination, specifically, including a challenge to the accuracy and completeness of data under section 13.04.

(e) When consolidated hearings under this subdivision involve a licensing sanction based on a previous maltreatment determination for which the commissioner has issued a final order in an appeal of that determination under section 256.045, or the individual failed to exercise the right to appeal the previous maltreatment determination under section 626.556, subdivision 10i, or 626.557, subdivision 9d, the commissioner's order is conclusive on the issue of maltreatment. In such cases, the scope of the administrative law judge's review shall be limited to the disqualification and the licensing sanction or denial of a license. In the case of a denial of a license or a licensing sanction issued to a facility based on a maltreatment determination regarding an individual who is not the license holder or a household member, the scope of the administrative law judge's review includes the maltreatment determination.

(f) The hearings of all parties may be consolidated into a single contested case hearing upon consent of all parties and the administrative law judge, if:

(1) a maltreatment determination or disqualification, which was not set aside under section 245C.22, is the basis for a denial of a license under section 245A.05 or a licensing sanction under section 245A.07;

(2) the disqualified subject is an individual other than the license holder and upon whom a background study must be conducted under section 245C.03; and

(3) the individual has a hearing right under section 245C.27.

(g) When a denial of a license under section 245A.05 or a licensing sanction under section 245A.07 is based on a disqualification for which reconsideration was requested and was not set aside under section 245C.22, and the individual otherwise has no hearing right under section 245C.27, the scope of the administrative law judge's review shall include the denial or sanction and a determination whether the disqualification should be set aside, unless section 245C.24 prohibits the set-aside of the disqualification. In determining whether the disqualification should be set aside, the administrative law judge shall consider the factors under section 245C.22, subdivision 4, to determine whether the individual poses a risk of harm to any person receiving services from the license holder.

(h) Notwithstanding section 245C.30, subdivision 5, when a licensing sanction under section 245A.07 is based on the termination of a variance under section 245C.30, subdivision 4, the scope of the administrative law judge's review shall include the sanction and a determination whether the disqualification should be set aside, unless section 245C.24 prohibits the set-aside of the disqualification. In determining whether the disqualification should be set aside, the administrative law judge shall consider the factors under section 245C.22, subdivision 4, to determine whether the individual poses a risk of harm to any person receiving services from the license holder.

Sec. 10. Minnesota Statutes 2012, section 245A.10, is amended to read:

245A.10 FEES.

Subdivision 1. **Application or license fee required, programs exempt from fee.** (a) Unless exempt under paragraph (b), the commissioner shall charge a fee for evaluation of applications and inspection of programs which are licensed under this chapter.

(b) Except as provided under subdivision 2, no application or license fee shall be charged for child foster care, adult foster care, ~~or~~ family and group family child care, or a community residential setting.

Subd. 2. **County fees for background studies and licensing inspections.** (a) For purposes of family and group family child care licensing under this chapter, a county agency may charge a fee to an applicant or license holder to recover the actual cost of background studies, but in any case not to exceed $100 annually. A county agency may also charge a license fee to an applicant or license holder not to exceed $50 for a one-year license or $100 for a two-year license.

(b) A county agency may charge a fee to a legal nonlicensed child care provider or applicant for authorization to recover the actual cost of background studies completed under section 119B.125, but in any case not to exceed $100 annually.

(c) Counties may elect to reduce or waive the fees in paragraph (a) or (b):

(1) in cases of financial hardship;

(2) if the county has a shortage of providers in the county's area;

(3) for new providers; or

(4) for providers who have attained at least 16 hours of training before seeking initial licensure.

(d) Counties may allow providers to pay the applicant fees in paragraph (a) or (b) on an installment basis for up to one year. If the provider is receiving child care assistance payments from the state, the provider may have the fees under paragraph (a) or (b) deducted from the child care assistance payments for up to one year and the state shall reimburse the county for the county fees collected in this manner.

(e) For purposes of adult foster care and child foster care licensing, and licensing the physical plant of a community residential setting, under this chapter, a county agency may charge a fee to a corporate applicant or corporate license holder to recover the actual cost of licensing inspections, not to exceed $500 annually.

(f) Counties may elect to reduce or waive the fees in paragraph (e) under the following circumstances:

(1) in cases of financial hardship;

(2) if the county has a shortage of providers in the county's area; or

(3) for new providers.

Subd. 3. **Application fee for initial license or certification.** (a) For fees required under subdivision 1, an applicant for an initial license or certification issued by the commissioner shall submit a $500 application fee with each new application required under this subdivision. An applicant for an initial day services facility license under

chapter 245D shall submit a $250 application fee with each new application. The application fee shall not be prorated, is nonrefundable, and is in lieu of the annual license or certification fee that expires on December 31. The commissioner shall not process an application until the application fee is paid.

(b) Except as provided in clauses (1) to ~~(4)~~ (3), an applicant shall apply for a license to provide services at a specific location.

(1) ~~For a license to provide residential based habilitation services to persons with developmental disabilities under chapter 245B, an applicant shall submit an application for each county in which the services will be provided. Upon licensure, the license holder may provide services to persons in that county plus no more than three persons at any one time in each of up to ten additional counties. A license holder in one county may not provide services under the home and community based waiver for persons with developmental disabilities to more than three people in a second county without holding a separate license for that second county. Applicants or licensees providing services under this clause to not more than three persons remain subject to the inspection fees established in section 245A.10, subdivision 2, for each location. The license issued by the commissioner must state the name of each additional county where services are being provided to persons with developmental disabilities. A license holder must notify the commissioner before making any changes that would alter the license information listed under section 245A.04, subdivision 7, paragraph (a), including any additional counties where persons with developmental disabilities are being served.~~ For a license to provide home and community-based services to persons with disabilities or age 65 and older under chapter 245D, an applicant shall submit an application to provide services statewide.

(2) ~~For a license to provide supported employment, crisis respite, or semi-independent living services to persons with developmental disabilities under chapter 245B, an applicant shall submit a single application to provide services statewide.~~

~~(3)~~ For a license to provide independent living assistance for youth under section 245A.22, an applicant shall submit a single application to provide services statewide.

~~(4)~~ (3) For a license for a private agency to provide foster care or adoption services under Minnesota Rules, parts 9545.0755 to 9545.0845, an applicant shall submit a single application to provide services statewide.

(c) The initial application fee charged under this subdivision does not include the temporary license surcharge under section 16E.22.

Subd. 4. **License or certification fee for certain programs.** (a) Child care centers shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	Child Care Center License Fee
1 to 24 persons	$200
25 to 49 persons	$300
50 to 74 persons	$400
75 to 99 persons	$500
100 to 124 persons	$600
125 to 149 persons	$700
150 to 174 persons	$800
175 to 199 persons	$900
200 to 224 persons	$1,000
225 or more persons	$1,100

~~(b) A day training and habilitation program serving persons with developmental disabilities or related conditions shall pay an annual nonrefundable license fee based on the following schedule:~~

~~Licensed Capacity~~	~~License Fee~~
~~1 to 24 persons~~	~~$800~~
~~25 to 49 persons~~	~~$1,000~~
~~50 to 74 persons~~	~~$1,200~~
~~75 to 99 persons~~	~~$1,400~~
~~100 to 124 persons~~	~~$1,600~~
~~125 to 149 persons~~	~~$1,800~~
~~150 or more persons~~	~~$2,000~~

~~Except as provided in paragraph (c), when a day training and habilitation program serves more than 50 percent of the same persons in two or more locations in a community, the day training and habilitation program shall pay a license fee based on the licensed capacity of the largest facility and the other facility or facilities shall be charged a license fee based on a licensed capacity of a residential program serving one to 24 persons.~~

~~(c) When a day training and habilitation program serving persons with developmental disabilities or related conditions seeks a single license allowed under section 245B.07, subdivision 12, clause (2) or (3), the licensing fee must be based on the combined licensed capacity for each location.~~

~~(d) A program licensed to provide supported employment services to persons with developmental disabilities under chapter 245B shall pay an annual nonrefundable license fee of $650.~~

~~(e) A program licensed to provide crisis respite services to persons with developmental disabilities under chapter 245B shall pay an annual nonrefundable license fee of $700.~~

~~(f) A program licensed to provide semi-independent living services to persons with developmental disabilities under chapter 245B shall pay an annual nonrefundable license fee of $700.~~

~~(g) A program licensed to provide residential based habilitation services under the home and community based waiver for persons with developmental disabilities shall pay an annual license fee that includes a base rate of $690 plus $60 times the number of clients served on the first day of July of the current license year.~~

~~(h) A residential program certified by the Department of Health as an intermediate care facility for persons with developmental disabilities (ICF/MR) and a noncertified residential program licensed to provide health or rehabilitative services for persons with developmental disabilities shall pay an annual nonrefundable license fee based on the following schedule:~~

~~Licensed Capacity~~	~~License Fee~~
~~1 to 24 persons~~	~~$535~~
~~25 to 49 persons~~	~~$735~~
~~50 or more persons~~	~~$935~~

(b) A program licensed to provide one or more of the home and community-based services and supports identified under chapter 245D to persons with disabilities or age 65 and older, shall pay an annual nonrefundable license fee that includes a base rate of $2,250, plus $92 times the number of persons served, on average, greater than 40 hours per week for the month of June of the current license year for programs serving ten or more persons. The fee is limited to a maximum of 200 persons, regardless of the actual number of persons served. Programs serving nine or fewer persons pay only half of the base rate.

(c) A facility licensed under chapter 245D to provide day services shall pay an annual nonrefundable license fee of $100.

~~(i)~~ (d) A chemical dependency treatment program licensed under Minnesota Rules, parts 9530.6405 to 9530.6505, to provide chemical dependency treatment shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$600
25 to 49 persons	$800
50 to 74 persons	$1,000
75 to 99 persons	$1,200
100 or more persons	$1,400

~~(j)~~ (e) A chemical dependency program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, to provide detoxification services shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$760
25 to 49 persons	$960
50 or more persons	$1,160

~~(k)~~ (f) Except for child foster care, a residential facility licensed under Minnesota Rules, chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$1,000
25 to 49 persons	$1,100
50 to 74 persons	$1,200
75 to 99 persons	$1,300
100 or more persons	$1,400

~~(l)~~ (g) A residential facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,525
25 or more persons	$2,725

~~(m)~~ (h) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400, to serve persons with physical disabilities shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$450
25 to 49 persons	$650
50 to 74 persons	$850
75 to 99 persons	$1,050
100 or more persons	$1,250

~~(n)~~ (i) A program licensed to provide independent living assistance for youth under section 245A.22 shall pay an annual nonrefundable license fee of $1,500.

~~(o)~~ (j) A private agency licensed to provide foster care and adoption services under Minnesota Rules, parts 9545.0755 to 9545.0845, shall pay an annual nonrefundable license fee of $875.

~~(p)~~ (k) A program licensed as an adult day care center licensed under Minnesota Rules, parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$500
25 to 49 persons	$700
50 to 74 persons	$900
75 to 99 persons	$1,100
100 or more persons	$1,300

~~(q)~~ (l) A program licensed to provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to 9515.3110, shall pay an annual nonrefundable license fee of $20,000.

~~(r)~~ (m) A mental health center or mental health clinic requesting certification for purposes of insurance and subscriber contract reimbursement under Minnesota Rules, parts 9520.0750 to 9520.0870, shall pay a certification fee of $1,550 per year. If the mental health center or mental health clinic provides services at a primary location with satellite facilities, the satellite facilities shall be certified with the primary location without an additional charge.

Subd. 6. **License not issued until license or certification fee is paid.** The commissioner shall not issue a license or certification until the license or certification fee is paid. The commissioner shall send a bill for the license or certification fee to the billing address identified by the license holder. If the license holder does not submit the license or certification fee payment by the due date, the commissioner shall send the license holder a past due notice. If the license holder fails to pay the license or certification fee by the due date on the past due notice, the commissioner shall send a final notice to the license holder informing the license holder that the program license will expire on December 31 unless the license fee is paid before December 31. If a license expires, the program is no longer licensed and, unless exempt from licensure under section 245A.03, subdivision 2, must not operate after the expiration date. After a license expires, if the former license holder wishes to provide licensed services, the former license holder must submit a new license application and application fee under subdivision 3.

Subd. 7. **Human services licensing fees to recover expenditures.** Notwithstanding section 16A.1285, subdivision 2, related to activities for which the commissioner charges a fee, the commissioner must plan to fully recover direct expenditures for licensing activities under this chapter over a five-year period. The commissioner may have anticipated expenditures in excess of anticipated revenues in a biennium by using surplus revenues accumulated in previous bienniums.

Subd. 8. **Deposit of license fees.** A human services licensing account is created in the state government special revenue fund. Fees collected under subdivisions 3 and 4 must be deposited in the human services licensing account and are annually appropriated to the commissioner for licensing activities authorized under this chapter.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 11. Minnesota Statutes 2012, section 245A.11, subdivision 2a, is amended to read:

Subd. 2a. **Adult foster care and community residential setting license capacity.** (a) The commissioner shall issue adult foster care and community residential setting licenses with a maximum licensed capacity of four beds, including nonstaff roomers and boarders, except that the commissioner may issue a license with a capacity of five beds, including roomers and boarders, according to paragraphs (b) to (f).

(b) ~~An adult foster care~~ The license holder may have a maximum license capacity of five if all persons in care are age 55 or over and do not have a serious and persistent mental illness or a developmental disability.

(c) The commissioner may grant variances to paragraph (b) to allow a ~~foster care provider~~ facility with a licensed capacity of five persons to admit an individual under the age of 55 if the variance complies with section 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed ~~foster care provider~~ facility is located.

(d) The commissioner may grant variances to paragraph (b) to allow the use of a fifth bed for emergency crisis services for a person with serious and persistent mental illness or a developmental disability, regardless of age, if the variance complies with section 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed ~~foster care provider~~ facility is located.

(e) The commissioner may grant a variance to paragraph (b) to allow for the use of a fifth bed for respite services, as defined in section 245A.02, for persons with disabilities, regardless of age, if the variance complies with sections 245A.03, subdivision 7, and 245A.04, subdivision 9, and approval of the variance is recommended by the county in which the licensed ~~foster care provider~~ facility is ~~licensed~~ located. Respite care may be provided under the following conditions:

(1) staffing ratios cannot be reduced below the approved level for the individuals being served in the home on a permanent basis;

(2) no more than two different individuals can be accepted for respite services in any calendar month and the total respite days may not exceed 120 days per program in any calendar year;

(3) the person receiving respite services must have his or her own bedroom, which could be used for alternative purposes when not used as a respite bedroom, and cannot be the room of another person who lives in the ~~foster care home~~ facility; and

(4) individuals living in the ~~foster care home~~ facility must be notified when the variance is approved. The provider must give 60 days' notice in writing to the residents and their legal representatives prior to accepting the first respite placement. Notice must be given to residents at least two days prior to service initiation, or as soon as the license holder is able if they receive notice of the need for respite less than two days prior to initiation, each time a respite client will be served, unless the requirement for this notice is waived by the resident or legal guardian.

(f) The commissioner may issue an adult foster care or community residential setting license with a capacity of five adults if the fifth bed does not increase the overall statewide capacity of licensed adult foster care or community residential setting beds in homes that are not the primary residence of the license holder, as identified in a plan submitted to the commissioner by the county, when the capacity is recommended by the county licensing agency of the county in which the facility is located and if the recommendation verifies that:

(1) the facility meets the physical environment requirements in the adult foster care licensing rule;

(2) the five-bed living arrangement is specified for each resident in the resident's:

(i) individualized plan of care;

(ii) individual service plan under section 256B.092, subdivision 1b, if required; or

(iii) individual resident placement agreement under Minnesota Rules, part 9555.5105, subpart 19, if required;

(3) the license holder obtains written and signed informed consent from each resident or resident's legal representative documenting the resident's informed choice to remain living in the home and that the resident's refusal to consent would not have resulted in service termination; and

(4) the facility was licensed for adult foster care before March 1, 2011.

(g) The commissioner shall not issue a new adult foster care license under paragraph (f) after June 30, 2016. The commissioner shall allow a facility with an adult foster care license issued under paragraph (f) before June 30, 2016, to continue with a capacity of five adults if the license holder continues to comply with the requirements in paragraph (f).

Sec. 12. Minnesota Statutes 2012, section 245A.11, subdivision 7, is amended to read:

Subd. 7. **Adult foster care; variance for alternate overnight supervision.** (a) The commissioner may grant a variance under section 245A.04, subdivision 9, to rule parts requiring a caregiver to be present in an adult foster care home during normal sleeping hours to allow for alternative methods of overnight supervision. The commissioner may grant the variance if the local county licensing agency recommends the variance and the county recommendation includes documentation verifying that:

(1) the county has approved the license holder's plan for alternative methods of providing overnight supervision and determined the plan protects the residents' health, safety, and rights;

(2) the license holder has obtained written and signed informed consent from each resident or each resident's legal representative documenting the resident's or legal representative's agreement with the alternative method of overnight supervision; and

(3) the alternative method of providing overnight supervision, which may include the use of technology, is specified for each resident in the resident's: (i) individualized plan of care; (ii) individual service plan under section 256B.092, subdivision 1b, if required; or (iii) individual resident placement agreement under Minnesota Rules, part 9555.5105, subpart 19, if required.

(b) To be eligible for a variance under paragraph (a), the adult foster care license holder must not have had a conditional license issued under section 245A.06, or any other licensing sanction issued under section 245A.07 during the prior 24 months based on failure to provide adequate supervision, health care services, or resident safety in the adult foster care home.

(c) A license holder requesting a variance under this subdivision to utilize technology as a component of a plan for alternative overnight supervision may request the commissioner's review in the absence of a county recommendation. Upon receipt of such a request from a license holder, the commissioner shall review the variance request with the county.

(d) A variance granted by the commissioner according to this subdivision before January 1, 2014, to a license holder for an adult foster care home must transfer with the license when the license converts to a community residential setting license under chapter 245D. The terms and conditions of the variance remain in effect as approved at the time the variance was granted.

Sec. 13. Minnesota Statutes 2012, section 245A.11, subdivision 7a, is amended to read:

Subd. 7a. **Alternate overnight supervision technology; adult foster care ~~license~~ and community residential setting licenses.** (a) The commissioner may grant an applicant or license holder an adult foster care or community residential setting license for a residence that does not have a caregiver in the residence during normal sleeping hours as required under Minnesota Rules, part 9555.5105, subpart 37, item B, or section 245D.02, subdivision 33b, but uses monitoring technology to alert the license holder when an incident occurs that may jeopardize the health, safety, or rights of a foster care recipient. The applicant or license holder must comply with all other requirements under Minnesota Rules, parts 9555.5105 to 9555.6265, or applicable requirements under chapter 245D, and the requirements under this subdivision. The license printed by the commissioner must state in bold and large font:

(1) that the facility is under electronic monitoring; and

(2) the telephone number of the county's common entry point for making reports of suspected maltreatment of vulnerable adults under section 626.557, subdivision 9.

(b) Applications for a license under this section must be submitted directly to the Department of Human Services licensing division. The licensing division must immediately notify the ~~host county and lead county contract agency and the host~~ county licensing agency. The licensing division must collaborate with the county licensing agency in the review of the application and the licensing of the program.

(c) Before a license is issued by the commissioner, and for the duration of the license, the applicant or license holder must establish, maintain, and document the implementation of written policies and procedures addressing the requirements in paragraphs (d) through (f).

(d) The applicant or license holder must have policies and procedures that:

(1) establish characteristics of target populations that will be admitted into the home, and characteristics of populations that will not be accepted into the home;

(2) explain the discharge process when a ~~foster care recipient~~ resident served by the program requires overnight supervision or other services that cannot be provided by the license holder due to the limited hours that the license holder is on site;

(3) describe the types of events to which the program will respond with a physical presence when those events occur in the home during time when staff are not on site, and how the license holder's response plan meets the requirements in paragraph (e), clause (1) or (2);

(4) establish a process for documenting a review of the implementation and effectiveness of the response protocol for the response required under paragraph (e), clause (1) or (2). The documentation must include:

(i) a description of the triggering incident;

(ii) the date and time of the triggering incident;

(iii) the time of the response or responses under paragraph (e), clause (1) or (2);

(iv) whether the response met the resident's needs;

(v) whether the existing policies and response protocols were followed; and

(vi) whether the existing policies and protocols are adequate or need modification.

When no physical presence response is completed for a three-month period, the license holder's written policies and procedures must require a physical presence response drill to be conducted for which the effectiveness of the response protocol under paragraph (e), clause (1) or (2), will be reviewed and documented as required under this clause; and

(5) establish that emergency and nonemergency phone numbers are posted in a prominent location in a common area of the home where they can be easily observed by a person responding to an incident who is not otherwise affiliated with the home.

(e) The license holder must document and include in the license application which response alternative under clause (1) or (2) is in place for responding to situations that present a serious risk to the health, safety, or rights of ~~people receiving foster care services in the home~~ residents served by the program:

(1) response alternative (1) requires only the technology to provide an electronic notification or alert to the license holder that an event is underway that requires a response. Under this alternative, no more than ten minutes will pass before the license holder will be physically present on site to respond to the situation; or

(2) response alternative (2) requires the electronic notification and alert system under alternative (1), but more than ten minutes may pass before the license holder is present on site to respond to the situation. Under alternative (2), all of the following conditions are met:

(i) the license holder has a written description of the interactive technological applications that will assist the license holder in communicating with and assessing the needs related to the care, health, and safety of the foster care recipients. This interactive technology must permit the license holder to remotely assess the well being of the ~~foster care recipient~~ resident served by the program without requiring the initiation of the foster care recipient. Requiring the foster care recipient to initiate a telephone call does not meet this requirement;

(ii) the license holder documents how the remote license holder is qualified and capable of meeting the needs of the foster care recipients and assessing foster care recipients' needs under item (i) during the absence of the license holder on site;

(iii) the license holder maintains written procedures to dispatch emergency response personnel to the site in the event of an identified emergency; and

(iv) each ~~foster care recipient's~~ resident's individualized plan of care, ~~individual service plan~~ coordinated service and support plan under ~~section~~ sections 256B.0913, subdivision 8; 256B.0915, subdivision 6; 256B.092, subdivision 1b; and 256B.49, subdivision 15, if required, or individual resident placement agreement under Minnesota Rules, part 9555.5105, subpart 19, if required, identifies the maximum response time, which may be greater than ten minutes, for the license holder to be on site for that ~~foster care recipient~~ resident.

(f) Each ~~foster care recipient's~~ resident's placement agreement, individual service agreement, and plan must clearly state that the adult foster care or community residential setting license category is a program without the presence of a caregiver in the residence during normal sleeping hours; the protocols in place for responding to situations that present a serious risk to the health, safety, or rights of ~~foster care recipients~~ residents served by the program under paragraph (e), clause (1) or (2); and a signed informed consent from each ~~foster care recipient~~ resident served by the program or the person's legal representative documenting the person's or legal representative's agreement with placement in the program. If electronic monitoring technology is used in the home, the informed consent form must also explain the following:

(1) how any electronic monitoring is incorporated into the alternative supervision system;

(2) the backup system for any electronic monitoring in times of electrical outages or other equipment malfunctions;

(3) how the caregivers or direct support staff are trained on the use of the technology;

(4) the event types and license holder response times established under paragraph (e);

(5) how the license holder protects ~~the foster care recipient's~~ each resident's privacy related to electronic monitoring and related to any electronically recorded data generated by the monitoring system. A ~~foster care recipient~~ resident served by the program may not be removed from a program under this subdivision for failure to consent to electronic monitoring. The consent form must explain where and how the electronically recorded data is stored, with whom it will be shared, and how long it is retained; and

(6) the risks and benefits of the alternative overnight supervision system.

The written explanations under clauses (1) to (6) may be accomplished through cross-references to other policies and procedures as long as they are explained to the person giving consent, and the person giving consent is offered a copy.

(g) Nothing in this section requires the applicant or license holder to develop or maintain separate or duplicative policies, procedures, documentation, consent forms, or individual plans that may be required for other licensing standards, if the requirements of this section are incorporated into those documents.

(h) The commissioner may grant variances to the requirements of this section according to section 245A.04, subdivision 9.

(i) For the purposes of paragraphs (d) through (h), "license holder" has the meaning under section 245A.2, subdivision 9, and additionally includes all staff, volunteers, and contractors affiliated with the license holder.

(j) For the purposes of paragraph (e), the terms "assess" and "assessing" mean to remotely determine what action the license holder needs to take to protect the well-being of the foster care recipient.

(k) The commissioner shall evaluate license applications using the requirements in paragraphs (d) to (f). The commissioner shall provide detailed application forms, including a checklist of criteria needed for approval.

(l) To be eligible for a license under paragraph (a), the adult foster care or community residential setting license holder must not have had a conditional license issued under section 245A.06 or any licensing sanction under section 245A.07 during the prior 24 months based on failure to provide adequate supervision, health care services, or resident safety in the adult foster care home or community residential setting.

(m) The commissioner shall review an application for an alternative overnight supervision license within 60 days of receipt of the application. When the commissioner receives an application that is incomplete because the applicant failed to submit required documents or that is substantially deficient because the documents submitted do not meet licensing requirements, the commissioner shall provide the applicant written notice that the application is incomplete or substantially deficient. In the written notice to the applicant, the commissioner shall identify documents that are missing or deficient and give the applicant 45 days to resubmit a second application that is substantially complete. An applicant's failure to submit a substantially complete application after receiving notice from the commissioner is a basis for license denial under section 245A.05. The commissioner shall complete subsequent review within 30 days.

(n) Once the application is considered complete under paragraph (m), the commissioner will approve or deny an application for an alternative overnight supervision license within 60 days.

(o) For the purposes of this subdivision, "supervision" means:

(1) oversight by a caregiver or direct support staff as specified in the individual resident's place agreement or coordinated service and support plan and awareness of the resident's needs and activities; and

(2) the presence of a caregiver or direct support staff in a residence during normal sleeping hours, unless a determination has been made and documented in the individual's coordinated service and support plan that the individual does not require the presence of a caregiver or direct support staff during normal sleeping hours.

Sec. 14. Minnesota Statutes 2012, section 245A.11, subdivision 7b, is amended to read:

Subd. 7b. **Adult foster care data privacy and security.** (a) An adult foster care or community residential setting license holder who creates, collects, records, maintains, stores, or discloses any individually identifiable recipient data, whether in an electronic or any other format, must comply with the privacy and security provisions of applicable privacy laws and regulations, including:

(1) the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-1; and the HIPAA Privacy Rule, Code of Federal Regulations, title 45, part 160, and subparts A and E of part 164; and

(2) the Minnesota Government Data Practices Act as codified in chapter 13.

(b) For purposes of licensure, the license holder shall be monitored for compliance with the following data privacy and security provisions:

(1) the license holder must control access to data on ~~foster care recipients~~ residents served by the program according to the definitions of public and private data on individuals under section 13.02; classification of the data on individuals as private under section 13.46, subdivision 2; and control over the collection, storage, use, access, protection, and contracting related to data according to section 13.05, in which the license holder is assigned the duties of a government entity;

(2) the license holder must provide each ~~foster care recipient~~ resident served by the program with a notice that meets the requirements under section 13.04, in which the license holder is assigned the duties of the government entity, and that meets the requirements of Code of Federal Regulations, title 45, part 164.52. The notice shall describe the purpose for collection of the data, and to whom and why it may be disclosed pursuant to law. The notice must inform the ~~recipient~~ individual that the license holder uses electronic monitoring and, if applicable, that recording technology is used;

(3) the license holder must not install monitoring cameras in bathrooms;

(4) electronic monitoring cameras must not be concealed from the ~~foster care recipients~~ residents served by the program; and

(5) electronic video and audio recordings of ~~foster care recipients~~ residents served by the program shall be stored by the license holder for five days unless: (i) a ~~foster care recipient~~ resident served by the program or legal representative requests that the recording be held longer based on a specific report of alleged maltreatment; or (ii) the recording captures an incident or event of alleged maltreatment under section 626.556 or 626.557 or a crime under chapter 609. When requested by a ~~recipient~~ resident served by the program or when a recording captures an incident or event of alleged maltreatment or a crime, the license holder must maintain the recording in a secured area

for no longer than 30 days to give the investigating agency an opportunity to make a copy of the recording. The investigating agency will maintain the electronic video or audio recordings as required in section 626.557, subdivision 12b.

(c) The commissioner shall develop, and make available to license holders and county licensing workers, a checklist of the data privacy provisions to be monitored for purposes of licensure.

Sec. 15. Minnesota Statutes 2012, section 245A.11, subdivision 8, is amended to read:

Subd. 8. **Community residential setting license.** (a) The commissioner shall establish provider standards for residential support services that integrate service standards and the residential setting under one license. The commissioner shall propose statutory language and an implementation plan for licensing requirements for residential support services to the legislature by January 15, 2012, as a component of the quality outcome standards recommendations required by Laws 2010, chapter 352, article 1, section 24.

(b) Providers licensed under chapter 245B, and providing, contracting, or arranging for services in settings licensed as adult foster care under Minnesota Rules, parts 9555.5105 to 9555.6265~~, or child foster care under Minnesota Rules, parts 2960.3000 to 2960.3340~~; and meeting the provisions of ~~section 256B.092, subdivision 11, paragraph (b)~~ section 245D.02, subdivision 4a, must be required to obtain a community residential setting license.

Sec. 16. Minnesota Statutes 2012, section 245A.16, subdivision 1, is amended to read:

Subdivision 1. **Delegation of authority to agencies.** (a) County agencies and private agencies that have been designated or licensed by the commissioner to perform licensing functions and activities under section 245A.04 and background studies for family child care under chapter 245C; to recommend denial of applicants under section 245A.05; to issue correction orders, to issue variances, and recommend a conditional license under section 245A.06, or to recommend suspending or revoking a license or issuing a fine under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section. The following variances are excluded from the delegation of variance authority and may be issued only by the commissioner:

(1) dual licensure of family child care and child foster care, dual licensure of child and adult foster care, and adult foster care and family child care;

(2) adult foster care maximum capacity;

(3) adult foster care minimum age requirement;

(4) child foster care maximum age requirement;

(5) variances regarding disqualified individuals except that county agencies may issue variances under section 245C.30 regarding disqualified individuals when the county is responsible for conducting a consolidated reconsideration according to sections 245C.25 and 245C.27, subdivision 2, clauses (a) and (b), of a county maltreatment determination and a disqualification based on serious or recurring maltreatment; ~~and~~

(6) the required presence of a caregiver in the adult foster care residence during normal sleeping hours; and

(7) variances for community residential setting licenses under chapter 245D.

Except as provided in section 245A.14, subdivision 4, paragraph (e), a county agency must not grant a license holder a variance to exceed the maximum allowable family child care license capacity of 14 children.

(b) County agencies must report information about disqualification reconsiderations under sections 245C.25 and 245C.27, subdivision 2, paragraphs (a) and (b), and variances granted under paragraph (a), clause (5), to the commissioner at least monthly in a format prescribed by the commissioner.

(c) For family day care programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(d) For family adult day services programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(e) A license issued under this section may be issued for up to two years.

Sec. 17. Minnesota Statutes 2012, section 245D.02, is amended to read:

245D.02 DEFINITIONS.

Subdivision 1. **Scope.** The terms used in this chapter have the meanings given them in this section.

Subd. 2. **Annual and annually.** "Annual" and "annually" have the meaning given in section 245A.02, subdivision 2b.

Subd. 2a. **Authorized representative.** "Authorized representative" means a parent, family member, advocate, or other adult authorized by the person or the person's legal representative, to serve as a representative in connection with the provision of services licensed under this chapter. This authorization must be in writing or by another method that clearly indicates the person's free choice. The authorized representative must have no financial interest in the provision of any services included in the person's service delivery plan and must be capable of providing the support necessary to assist the person in the use of home and community-based services licensed under this chapter.

Subd. 3. **Case manager.** "Case manager" means the individual designated to provide waiver case management services, care coordination, or long-term care consultation, as specified in sections 256B.0913, 256B.0915, 256B.092, and 256B.49, or successor provisions.

Subd. 3a. **Certification.** "Certification" means the commissioner's written authorization for a license holder to provide specialized services based on certification standards in section 245D.33. The term certification and its derivatives have the same meaning and may be substituted for the term licensure and its derivatives in this chapter and chapter 245A.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of the Department of Human Services or the commissioner's designated representative.

Subd. 4a. **Community residential setting.** "Community residential setting" means a residential program as identified in section 245A.11, subdivision 8, where residential supports and services identified in section 245D.03, subdivision 1, paragraph (c), clause (3), items (i) and (ii), are provided and the license holder is the owner, lessor, or tenant of the facility licensed according to this chapter, and the license holder does not reside in the facility.

Subd. 4b. **Coordinated service and support plan.** "Coordinated service and support plan" has the meaning given in sections 256B.0913, subdivision 8; 256B.0915, subdivision 6; 256B.092, subdivision 1b; and 256B.49, subdivision 15, or successor provisions.

Subd. 4c. **Coordinated service and support plan addendum.** "Coordinated service and support plan addendum" means the documentation that this chapter requires of the license holder for each person receiving services.

Subd. 4d. **Corporate foster care.** "Corporate foster care" means a child foster residence setting licensed according to Minnesota Rules, parts 2960.0010 to 2960.3340, or an adult foster care home licensed according to Minnesota Rules, parts 9555.5105 to 9555.6265, where the license holder does not live in the home.

Subd. 4e. **Cultural competence or culturally competent.** "Cultural competence" or "culturally competent" means the ability and the will to respond to the unique needs of a person that arise from the person's culture and the ability to use the person's culture as a resource or tool to assist with the intervention and help meet the person's needs.

Subd. 4f. **Day services facility.** "Day services facility" means a facility licensed according to this chapter at which persons receive day services licensed under this chapter from the license holder's direct support staff for a cumulative total of more than 30 days within any 12-month period and the license holder is the owner, lessor, or tenant of the facility.

Subd. 5. **Department.** "Department" means the Department of Human Services.

Subd. 6. **Direct contact.** "Direct contact" has the meaning given in section 245C.02, subdivision 11, and is used interchangeably with the term "direct support service."

Subd. 6a. **Direct support staff or staff.** "Direct support staff" or "staff" means employees of the license holder who have direct contact with persons served by the program and includes temporary staff or subcontractors, regardless of employer, providing program services for hire under the control of the license holder who have direct contact with persons served by the program.

Subd. 7. **Drug.** "Drug" has the meaning given in section 151.01, subdivision 5.

Subd. 8. **Emergency.** "Emergency" means any event that affects the ordinary daily operation of the program including, but not limited to, fires, severe weather, natural disasters, power failures, or other events that threaten the immediate health and safety of a person receiving services and that require calling 911, emergency evacuation, moving to an emergency shelter, or temporary closure or relocation of the program to another facility or service site for more than 24 hours.

Subd. 8a. **Emergency use of manual restraint.** "Emergency use of manual restraint" means using a manual restraint when a person poses an imminent risk of physical harm to self or others and is the least restrictive intervention that would achieve safety. Property damage, verbal aggression, or a person's refusal to receive or participate in treatment or programming on their own, do not constitute an emergency.

Subd. 8b. **Expanded support team.** "Expanded support team" means the members of the support team defined in subdivision 46, and a licensed health or mental health professional or other licensed, certified, or qualified professionals or consultants working with the person and included in the team at the request of the person or the person's legal representative.

Subd. 8c. **Family foster care.** "Family foster care" means a child foster family setting licensed according to Minnesota Rules, parts 2960.0010 to 2960.3340, or an adult foster care home licensed according to Minnesota Rules, parts 9555.5105 to 9555.6265, where the license holder lives in the home.

Subd. 9. **Health services.** "Health services" means any service or treatment consistent with the physical and mental health needs of the person, such as medication administration and monitoring, medical, dental, nutritional, health monitoring, wellness education, and exercise.

Subd. 10. **Home and community-based services.** "Home and community-based services" means the services ~~subject to the provisions of this chapter~~ identified in section 245D.03, subdivision 1, and as defined in:

(1) the ~~federal~~ federally approved waiver plans governed by United States Code, title 42, sections 1396 et seq., ~~or the state's alternative care program according to section 256B.0913,~~ including the waivers for persons with disabilities under section 256B.49, subdivision 11, including the brain injury (BI) waiver~~,~~ plan; the community alternative care (CAC) waiver~~,~~ plan; the community alternatives for disabled individuals (CADI) waiver~~,~~ plan; the developmental disability (DD) waiver~~,~~ plan under section 256B.092, subdivision 5; the elderly waiver (EW) ~~, and~~ plan under section 256B.0915, subdivision 1; or successor plans respective to each waiver; or

(2) the alternative care (AC) program under section 256B.0913.

Subd. 11. **Incident.** "Incident" means an occurrence ~~that affects the~~ which involves a person and requires the program to make a response that is not a part of the program's ordinary provision of services to ~~a~~ that person, and includes ~~any of the following~~:

(1) serious injury of a person as determined by section 245.91, subdivision 6;

(2) a person's death;

(3) any medical emergency, unexpected serious illness, or significant unexpected change in an illness or medical condition~~, or the mental health status~~ of a person that requires ~~calling~~ the program to call 911 ~~or a mental health crisis intervention team~~, physician treatment, or hospitalization;

(4) any mental health crisis that requires the program to call 911 or a mental health crisis intervention team;

(5) an act or situation involving a person that requires the program to call 911, law enforcement, or the fire department;

~~(4)~~ (6) a person's unauthorized or unexplained absence from a program;

~~(5)~~ (7) ~~physical aggression~~ conduct by a person receiving services against another person receiving services that ~~causes physical pain, injury, or persistent emotional distress, including, but not limited to, hitting, slapping, kicking, scratching, pinching, biting, pushing, and spitting;~~ :

(i) is so severe, pervasive, or objectively offensive that it substantially interferes with a person's opportunities to participate in or receive service or support;

(ii) places the person in actual and reasonable fear of harm;

(iii) places the person in actual and reasonable fear of damage to property of the person; or

(iv) substantially disrupts the orderly operation of the program;

~~(6)~~ (8) any sexual activity between persons receiving services involving force or coercion as defined under section 609.341, subdivisions 3 and 14; ~~or~~

(9) any emergency use of manual restraint as identified in section 245D.061; or

~~(7)~~ (10) a report of alleged or suspected child or vulnerable adult maltreatment under section 626.556 or 626.557.

Subd. 11a. **Intermediate care facility for persons with developmental disabilities or ICF/DD.** "Intermediate care facility for persons with developmental disabilities" or "ICF/DD" means a residential program licensed to serve four or more persons with developmental disabilities under section 252.28 and chapter 245A and licensed as a supervised living facility under chapter 144, which together are certified by the Department of Health as an intermediate care facility for persons with developmental disabilities.

Subd. 11b. **Least restrictive alternative.** "Least restrictive alternative" means the alternative method for providing supports and services that is the least intrusive and most normalized given the level of supervision and protection required for the person. This level of supervision and protection allows risk taking to the extent that there is no reasonable likelihood that serious harm will happen to the person or others.

Subd. 12. **Legal representative.** "Legal representative" means the parent of a person who is under 18 years of age, a court-appointed guardian, or other representative with legal authority to make decisions about services for a person. Other representatives with legal authority to make decisions include but are not limited to a health care agent or an attorney-in-fact authorized through a health care directive or power of attorney.

Subd. 13. **License.** "License" has the meaning given in section 245A.02, subdivision 8.

Subd. 14. **Licensed health professional.** "Licensed health professional" means a person licensed in Minnesota to practice those professions described in section 214.01, subdivision 2.

Subd. 15. **License holder.** "License holder" has the meaning given in section 245A.02, subdivision 9.

Subd. 16. **Medication.** "Medication" means a prescription drug or over-the-counter drug. For purposes of this chapter, "medication" includes dietary supplements.

~~Subd. 17. **Medication administration.** "Medication administration" means performing the following set of tasks to ensure a person takes both prescription and over-the-counter medications and treatments according to orders issued by appropriately licensed professionals, and includes the following:~~

~~(1) checking the person's medication record;~~

~~(2) preparing the medication for administration;~~

~~(3) administering the medication to the person;~~

~~(4) documenting the administration of the medication or the reason for not administering the medication; and~~

~~(5) reporting to the prescriber or a nurse any concerns about the medication, including side effects, adverse reactions, effectiveness, or the person's refusal to take the medication or the person's self-administration of the medication.~~

~~Subd. 18. **Medication assistance.** "Medication assistance" means providing verbal or visual reminders to take regularly scheduled medication, which includes either of the following:~~

~~(1) bringing to the person and opening a container of previously set-up medications and emptying the container into the person's hand or opening and giving the medications in the original container to the person, or bringing to the person liquids or food to accompany the medication; or~~

~~(2) providing verbal or visual reminders to perform regularly scheduled treatments and exercises.~~

~~Subd. 19. **Medication management.** "Medication management" means the provision of any of the following:~~

~~(1) medication-related services to a person;~~

~~(2) medication setup;~~

~~(3) medication administration;~~

~~(4) medication storage and security;~~

~~(5) medication documentation and charting;~~

~~(6) verification and monitoring of effectiveness of systems to ensure safe medication handling and administration;~~

~~(7) coordination of medication refills;~~

~~(8) handling changes to prescriptions and implementation of those changes;~~

~~(9) communicating with the pharmacy; or~~

~~(10) coordination and communication with prescriber.~~

~~For the purposes of this chapter, medication management does not mean "medication therapy management services" as identified in section 256B.0625, subdivision 13h.~~

Subd. 20. **Mental health crisis intervention team.** "Mental health crisis intervention team" means a mental health crisis response ~~providers~~ provider as identified in section 256B.0624, subdivision 2, paragraph (d), for adults, and in section 256B.0944, subdivision 1, paragraph (d), for children.

Subd. 20a. **Most integrated setting.** "Most integrated setting" means a setting that enables individuals with disabilities to interact with nondisabled persons to the fullest extent possible.

Subd. 21. **Over-the-counter drug.** "Over-the-counter drug" means a drug that is not required by federal law to bear the statement "Caution: Federal law prohibits dispensing without prescription."

Subd. 21a. **Outcome.** "Outcome" means the behavior, action, or status attained by the person that can be observed, measured, and determined reliable and valid.

Subd. 22. **Person.** "Person" has the meaning given in section 245A.02, subdivision 11.

Subd. 23. **Person with a disability.** "Person with a disability" means a person determined to have a disability by the commissioner's state medical review team as identified in section 256B.055, subdivision 7, the Social Security Administration, or the person is determined to have a developmental disability as defined in Minnesota Rules, part 9525.0016, subpart 2, item B, or a related condition as defined in section 252.27, subdivision 1a.

Subd. 23a. **Physician.** "Physician" means a person who is licensed under chapter 147.

Subd. 24. **Prescriber.** "Prescriber" means a ~~licensed practitioner as defined in section 151.01, subdivision 23,~~ person who is authorized under ~~section~~ sections 148.235; 151.01, subdivision 23; or 151.37 to prescribe drugs. ~~For the purposes of this chapter, the term "prescriber" is used interchangeably with "physician."~~

Subd. 25. **Prescription drug.** "Prescription drug" has the meaning given in section 151.01, subdivision ~~17~~ 16.

Subd. 26. **Program.** "Program" means either the nonresidential or residential program as defined in section 245A.02, subdivisions 10 and 14.

Subd. 27. **Psychotropic medication.** "Psychotropic medication" means any medication prescribed to treat the symptoms of mental illness that affect thought processes, mood, sleep, or behavior. The major classes of psychotropic medication are antipsychotic (neuroleptic), antidepressant, antianxiety, mood stabilizers, anticonvulsants, and stimulants and nonstimulants for the treatment of attention deficit/hyperactivity disorder. Other miscellaneous medications are considered to be a psychotropic medication when they are specifically prescribed to treat a mental illness or to control or alter behavior.

Subd. 28. **Restraint.** "Restraint" means physical or mechanical limiting of the free and normal movement of body or limbs.

Subd. 29. **Seclusion.** "Seclusion" means ~~separating a person from others in a way that prevents social contact and prevents the person from leaving the situation if he or she chooses~~ the placement of a person alone in a room from which exit is prohibited by a staff person or a mechanism such as a lock, a device, or an object positioned to hold the door closed or otherwise prevent the person from leaving the room.

Subd. 29a. **Self-determination.** "Self-determination" means the person makes decisions independently, plans for the person's own future, determines how money is spent for the person's supports, and takes responsibility for making these decisions. If a person has a legal representative, the legal representative's decision-making authority is limited to the scope of authority granted by the court or allowed in the document authorizing the legal representative to act.

Subd. 29b. **Semi-independent living services.** "Semi-independent living services" has the meaning given in section 252.275.

Subd. 30. **Service.** "Service" means care, training, supervision, counseling, consultation, or medication assistance assigned to the license holder in the coordinated service and support plan.

~~Subd. 31. **Service plan.** "Service plan" means the individual service plan or individual care plan identified in sections 256B.0913, 256B.0915, 256B.092, and 256B.49, or successor provisions, and includes any support plans or service needs identified as a result of long-term care consultation, or a support team meeting that includes the participation of the person, the person's legal representative, and case manager, or assigned to a license holder through an authorized service agreement.~~

Subd. 32. **Service site.** "Service site" means the location where the service is provided to the person, including, but not limited to, a facility licensed according to chapter 245A; a location where the license holder is the owner, lessor, or tenant; a person's own home; or a community-based location.

~~Subd. 33. **Staff.** "Staff" means an employee who will have direct contact with a person served by the facility, agency, or program.~~

Subd. 33a. **Supervised living facility.** "Supervised living facility" has the meaning given in Minnesota Rules, part 4665.0100, subpart 10.

Subd. 33b. **Supervision.** (a) "Supervision" means:

(1) oversight by direct support staff as specified in the person's coordinated service and support plan or coordinated service and support plan addendum and awareness of the person's needs and activities;

(2) responding to situations that present a serious risk to the health, safety, or rights of the person while services are being provided; and

(3) the presence of direct support staff at a service site while services are being provided, unless a determination has been made and documented in the person's coordinated service and support plan or coordinated service and support plan addendum that the person does not require the presence of direct support staff while services are being provided.

(b) For the purposes of this definition, "while services are being provided," means any period of time during which the license holder will seek reimbursement for services.

Subd. 34. **Support team.** "Support team" means the service planning team identified in section 256B.49, subdivision 15, or the interdisciplinary team identified in Minnesota Rules, part 9525.0004, subpart 14.

Subd. 34a. **Time out.** "Time out" means removing a person involuntarily from an ongoing activity to a room, either locked or unlocked, or otherwise separating a person from others in a way that prevents social contact and prevents the person from leaving the situation if the person chooses. For the purpose of chapter 245D, "time out" does not mean voluntary removal or self-removal for the purpose of calming, prevention of escalation, or de-escalation of behavior for a period of up to 15 minutes. "Time out" does not include a person voluntarily moving from an ongoing activity to an unlocked room or otherwise separating from a situation or social contact with others if the person chooses. For the purposes of this definition, "voluntarily" means without being forced, compelled, or coerced.

~~Subd. 35. **Unit of government.** "Unit of government" means every city, county, town, school district, other political subdivisions of the state, and any agency of the state or the United States, and includes any instrumentality of a unit of government.~~

Subd. 35a. **Treatment.** "Treatment" means the provision of care, other than medications, ordered or prescribed by a licensed health or mental health professional, provided to a person to cure, rehabilitate, or ease symptoms.

Subd. 36. **Volunteer.** "Volunteer" means an individual who, under the direction of the license holder, provides direct services without pay to a person served by the license holder.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 18. Minnesota Statutes 2012, section 245D.03, is amended to read:

245D.03 APPLICABILITY AND EFFECT.

Subdivision 1. **Applicability.** (a) The commissioner shall regulate the provision of home and community-based services to persons with disabilities and persons age 65 and older pursuant to this chapter. The licensing standards in this chapter govern the provision of ~~the following~~ basic support services~~:~~ and intensive support services.

~~(1) housing access coordination as defined under the current BI, CADI, and DD waiver plans or successor plans;~~

~~(2) respite services as defined under the current CADI, BI, CAC, DD, and EW waiver plans or successor plans when the provider is an individual who is not an employee of a residential or nonresidential program licensed by the Department of Human Services or the Department of Health that is otherwise providing the respite service;~~

~~(3) behavioral programming as defined under the current BI and CADI waiver plans or successor plans;~~

~~(4) specialist services as defined under the current DD waiver plan or successor plans;~~

~~(5) companion services as defined under the current BI, CADI, and EW waiver plans or successor plans, excluding companion services provided under the Corporation for National and Community Services Senior Companion Program established under the Domestic Volunteer Service Act of 1973, Public Law 98-288;~~

~~(6) personal support as defined under the current DD waiver plan or successor plans;~~

~~(7) 24-hour emergency assistance, on-call and personal emergency response as defined under the current CADI and DD waiver plans or successor plans;~~

~~(8) night supervision services as defined under the current BI waiver plan or successor plans;~~

~~(9) homemaker services as defined under the current CADI, BI, CAC, DD, and EW waiver plans or successor plans, excluding providers licensed by the Department of Health under chapter 144A and those providers providing cleaning services only;~~

~~(10) independent living skills training as defined under the current BI and CADI waiver plans or successor plans;~~

~~(11) prevocational services as defined under the current BI and CADI waiver plans or successor plans;~~

~~(12) structured day services as defined under the current BI waiver plan or successor plans; or~~

~~(13) supported employment as defined under the current BI and CADI waiver plans or successor plans.~~

(b) Basic support services provide the level of assistance, supervision, and care that is necessary to ensure the health and safety of the person and do not include services that are specifically directed toward the training, treatment, habilitation, or rehabilitation of the person. Basic support services include:

(1) in-home and out-of-home respite care services as defined in section 245A.02, subdivision 15, and under the brain injury, community alternative care, community alternatives for disabled individuals, developmental disability, and elderly waiver plans;

(2) companion services as defined under the brain injury, community alternatives for disabled individuals, and elderly waiver plans, excluding companion services provided under the Corporation for National and Community Services Senior Companion Program established under the Domestic Volunteer Service Act of 1973, Public Law 98-288;

(3) personal support as defined under the developmental disability waiver plan;

(4) 24-hour emergency assistance, personal emergency response as defined under the community alternatives for disabled individuals and developmental disability waiver plans;

(5) night supervision services as defined under the brain injury waiver plan; and

(6) homemaker services as defined under the community alternatives for disabled individuals, brain injury, community alternative care, developmental disability, and elderly waiver plans, excluding providers licensed by the Department of Health under chapter 144A and those providers providing cleaning services only.

(c) Intensive support services provide assistance, supervision, and care that is necessary to ensure the health and safety of the person and services specifically directed toward the training, habilitation, or rehabilitation of the person. Intensive support services include:

(1) intervention services, including:

(i) behavioral support services as defined under the brain injury and community alternatives for disabled individuals waiver plans;

(ii) in-home or out-of-home crisis respite services as defined under the developmental disability waiver plan; and

(iii) specialist services as defined under the current developmental disability waiver plan;

(2) in-home support services, including:

(i) in-home family support and supported living services as defined under the developmental disability waiver plan;

(ii) independent living services training as defined under the brain injury and community alternatives for disabled individuals waiver plans; and

(iii) semi-independent living services;

(3) residential supports and services, including:

(i) supported living services as defined under the developmental disability waiver plan provided in a family or corporate child foster care residence, a family adult foster care residence, a community residential setting, or a supervised living facility;

(ii) foster care services as defined in the brain injury, community alternative care, and community alternatives for disabled individuals waiver plans provided in a family or corporate child foster care residence, a family adult foster care residence, or a community residential setting; and

(iii) residential services provided in a supervised living facility that is certified by the Department of Health as an ICF/DD;

(4) day services, including:

(i) structured day services as defined under the brain injury waiver plan;

(ii) day training and habilitation services under sections 252.40 to 252.46, and as defined under the developmental disability waiver plan; and

(iii) prevocational services as defined under the brain injury and community alternatives for disabled individuals waiver plans; and

(5) supported employment as defined under the brain injury, developmental disability, and community alternatives for disabled individuals waiver plans.

Subd. 2. **Relationship to other standards governing home and community-based services.** (a) A license holder governed by this chapter is also subject to the licensure requirements under chapter 245A.

(b) ~~A license holder concurrently providing child foster care services licensed according to Minnesota Rules, chapter 2960, to the same person receiving a service licensed under this chapter is exempt from section 245D.04 as it applies to the person.~~ A corporate or family child foster care site controlled by a license holder and providing services governed by this chapter is exempt from compliance with section 245D.04. This exemption applies to foster care homes where at least one resident is receiving residential supports and services licensed according to this chapter. This chapter does not apply to corporate or family child foster care homes that do not provide services licensed under this chapter.

(c) A family adult foster care site controlled by a license holder and providing services governed by this chapter is exempt from compliance with Minnesota Rules, parts 9555.6185; 9555.6225, subpart 8; 9555.6235, item C; 9555.6245; 9555.6255, subpart 2; and 9555.6265. These exemptions apply to family adult foster care homes where at least one resident is receiving residential supports and services licensed according to this chapter. This chapter does not apply to family adult foster care homes that do not provide services licensed under this chapter.

(d) A license holder providing services licensed according to this chapter in a supervised living facility is exempt from compliance with sections 245D.04; 245D.05, subdivision 2; and 245D.06, subdivision 2, clauses (1), (4), and (5).

(e) A license holder providing residential services to persons in an ICF/DD is exempt from compliance with sections 245D.04; 245D.05, subdivision 1b; 245D.06, subdivision 2, clauses (4) and (5); 245D.071, subdivisions 4 and 5; 245D.081, subdivision 2; 245D.09, subdivision 7; 245D.095, subdivision 2; and 245D.11, subdivision 3.

~~(c)~~ (f) A license holder ~~concurrently~~ providing ~~home care~~ homemaker services ~~registered~~ licensed according to ~~sections 144A.43 to 144A.49 to the same person receiving home management services licensed under~~ this chapter and registered according to chapter 144A is exempt from compliance with section 245D.04 ~~as it applies to the person~~.

~~(d) A license holder identified in subdivision 1, clauses (1), (5), and (9), is exempt from compliance with sections 245A.65, subdivision 2, paragraph (a), and 626.557, subdivision 14, paragraph (b).~~

~~(e) Notwithstanding section 245D.06, subdivision 5, a license holder providing structured day, prevocational, or supported employment services under this chapter and day training and habilitation or supported employment services licensed under chapter 245B within the same program is exempt from compliance with this chapter when the license holder notifies the commissioner in writing that the requirements under chapter 245B will be met for all persons receiving these services from the program. For the purposes of this paragraph, if the license holder has obtained approval from the commissioner for an alternative inspection status according to section 245B.031, that approval will apply to all persons receiving services in the program.~~

(g) Nothing in this chapter prohibits a license holder from concurrently serving persons without disabilities or people who are or are not age 65 and older, provided this chapter's standards are met as well as other relevant standards.

(h) The documentation required under sections 245D.07 and 245D.071 must meet the individual program plan requirements identified in section 256B.092 or successor provisions.

Subd. 3. **Variance.** If the conditions in section 245A.04, subdivision 9, are met, the commissioner may grant a variance to any of the requirements in this chapter, except sections 245D.04, ~~and 245D.10, subdivision 4, paragraph (b)~~ 245D.06, subdivision 4, paragraph (b), and 245D.061, subdivision 3, or provisions governing data practices and information rights of persons.

~~Subd. 4. **License holders with multiple 245D licenses.** (a) When a person changes service from one license to a different license held by the same license holder, the license holder is exempt from the requirements in section 245D.10, subdivision 4, paragraph (b).~~

~~(b) When a staff person begins providing direct service under one or more licenses held by the same license holder, other than the license for which staff orientation was initially provided according to section 245D.09, subdivision 4, the license holder is exempt from those staff orientation requirements, except the staff person must review each person's service plan and medication administration procedures in accordance with section 245D.09, subdivision 4, paragraph (c), if not previously reviewed by the staff person.~~

Subd. 5. **Program certification.** An applicant or a license holder may apply for program certification as identified in section 245D.33.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 19. Minnesota Statutes 2012, section 245D.04, is amended to read:

245D.04 SERVICE RECIPIENT RIGHTS.

Subdivision 1. **License holder responsibility for individual rights of persons served by the program.** The license holder must:

(1) provide each person or each person's legal representative with a written notice that identifies the service recipient rights in subdivisions 2 and 3, and an explanation of those rights within five working days of service initiation and annually thereafter;

(2) make reasonable accommodations to provide this information in other formats or languages as needed to facilitate understanding of the rights by the person and the person's legal representative, if any;

(3) maintain documentation of the person's or the person's legal representative's receipt of a copy and an explanation of the rights; and

(4) ensure the exercise and protection of the person's rights in the services provided by the license holder and as authorized in the coordinated service and support plan.

Subd. 2. **Service-related rights.** A person's service-related rights include the right to:

(1) participate in the development and evaluation of the services provided to the person;

(2) have services and supports identified in the coordinated service and support plan and the coordinated service and support plan addendum provided in a manner that respects and takes into consideration the person's preferences according to the requirements in sections 245D.07 and 245D.071;

(3) refuse or terminate services and be informed of the consequences of refusing or terminating services;

(4) know, in advance, limits to the services available from the license holder, including the license holder's knowledge, skill, and ability to meet the person's service and support needs based on the information required in section 245D.031, subdivision 2;

(5) know conditions and terms governing the provision of services, including the license holder's admission criteria and policies and procedures related to temporary service suspension and service termination;

(6) a coordinated transfer to ensure continuity of care when there will be a change in the provider;

(7) know what the charges are for services, regardless of who will be paying for the services, and be notified of changes in those charges;

~~(7)~~ (8) know, in advance, whether services are covered by insurance, government funding, or other sources, and be told of any charges the person or other private party may have to pay; and

~~(8)~~ (9) receive services from an individual who is competent and trained, who has professional certification or licensure, as required, and who meets additional qualifications identified in the person's coordinated service and support plan~~.~~ or coordinated service and support plan addendum.

Subd. 3. **Protection-related rights.** (a) A person's protection-related rights include the right to:

(1) have personal, financial, service, health, and medical information kept private, and be advised of disclosure of this information by the license holder;

(2) access records and recorded information about the person in accordance with applicable state and federal law, regulation, or rule;

(3) be free from maltreatment;

(4) be free from restraint, time out, or seclusion ~~used for a purpose other than~~ except for emergency use of manual restraint to protect the person from imminent danger to self or others according to the requirements in section 245D.06;

(5) receive services in a clean and safe environment when the license holder is the owner, lessor, or tenant of the service site;

(6) be treated with courtesy and respect and receive respectful treatment of the person's property;

(7) reasonable observance of cultural and ethnic practice and religion;

(8) be free from bias and harassment regarding race, gender, age, disability, spirituality, and sexual orientation;

(9) be informed of and use the license holder's grievance policy and procedures, including knowing how to contact persons responsible for addressing problems and to appeal under section 256.045;

(10) know the name, telephone number, and the Web site, e-mail, and street addresses of protection and advocacy services, including the appropriate state-appointed ombudsman, and a brief description of how to file a complaint with these offices;

(11) assert these rights personally, or have them asserted by the person's family, authorized representative, or legal representative, without retaliation;

(12) give or withhold written informed consent to participate in any research or experimental treatment;

(13) associate with other persons of the person's choice;

(14) personal privacy; and

(15) engage in chosen activities.

(b) For a person residing in a residential site licensed according to chapter 245A, or where the license holder is the owner, lessor, or tenant of the residential service site, protection-related rights also include the right to:

(1) have daily, private access to and use of a non-coin-operated telephone for local calls and long-distance calls made collect or paid for by the person;

(2) receive and send, without interference, uncensored, unopened mail or electronic correspondence or communication; ~~and~~

(3) have use of and free access to common areas in the residence; and

(4) privacy for visits with the person's spouse, next of kin, legal counsel, religious advisor, or others, in accordance with section 363A.09 of the Human Rights Act, including privacy in the person's bedroom.

(c) Restriction of a person's rights under subdivision 2, clause (10), or paragraph (a), clauses (13) to (15), or paragraph (b) is allowed only if determined necessary to ensure the health, safety, and well-being of the person. Any restriction of those rights must be documented in the person's coordinated service and support plan ~~for the person and~~ or coordinated service and support plan addendum. The restriction must be implemented in the least restrictive alternative manner necessary to protect the person and provide support to reduce or eliminate the need for the restriction in the most integrated setting and inclusive manner. The documentation must include the following information:

(1) the justification for the restriction based on an assessment of the person's vulnerability related to exercising the right without restriction;

(2) the objective measures set as conditions for ending the restriction;

(3) a schedule for reviewing the need for the restriction based on the conditions for ending the restriction to occur~~, at a minimum, every three months for persons who do not have a legal representative and annually for persons who do have a legal representative~~ semiannually from the date of initial approval, at a minimum, or more frequently if requested by the person, the person's legal representative, if any, and case manager; and

(4) signed and dated approval for the restriction from the person, or the person's legal representative, if any. A restriction may be implemented only when the required approval has been obtained. Approval may be withdrawn at any time. If approval is withdrawn, the right must be immediately and fully restored.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 20. Minnesota Statutes 2012, section 245D.05, is amended to read:

245D.05 HEALTH SERVICES.

Subdivision 1. **Health needs.** (a) The license holder is responsible for ~~providing~~ meeting health ~~services~~ service needs assigned in the coordinated service and support plan ~~and~~ or the coordinated service and support plan addendum, consistent with the person's health needs. The license holder is responsible for promptly notifying ~~the person or~~ the person's legal representative, if any, and the case manager of changes in a person's physical and mental health needs affecting ~~assigned~~ health ~~services~~ service needs assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, when discovered by the license holder, unless the license holder has reason to know the change has already been reported. The license holder must document when the notice is provided.

(b) ~~When assigned in the service plan,~~ If responsibility for meeting the person's health service needs has been assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder ~~is required to~~ must maintain documentation on how the person's health needs will be met, including a description of the procedures the license holder will follow in order to:

(1) provide medication ~~administration,~~ assistance or medication ~~assistance, or medication management~~ administration according to this chapter;

(2) monitor health conditions according to written instructions from ~~the person's physician or~~ a licensed health professional;

(3) assist with or coordinate medical, dental, and other health service appointments; or

(4) use medical equipment, devices, or adaptive aides or technology safely and correctly according to written instructions from ~~the person's physician or~~ a licensed health professional.

Subd. 1a. **Medication setup.** For the purposes of this subdivision, "medication setup" means the arranging of medications according to instructions from the pharmacy, the prescriber, or a licensed nurse, for later administration when the license holder is assigned responsibility for medication assistance or medication administration in the coordinated service and support plan or the coordinated service and support plan addendum. A prescription label or the prescriber's written or electronically recorded order for the prescription is sufficient to constitute written instructions from the prescriber. The license holder must document in the person's medication administration record: dates of setup, name of medication, quantity of dose, times to be administered, and route of administration at time of setup; and, when the person will be away from home, to whom the medications were given.

Subd. 1b. **Medication assistance.** If responsibility for medication assistance is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must ensure that the requirements of subdivision 2, paragraph (b), have been met when staff provides medication assistance to enable a person to self-administer medication or treatment when the person is capable of directing the person's own care, or when the person's legal representative is present and able to direct care for the person. For the purposes of this subdivision, "medication assistance" means any of the following:

(1) bringing to the person and opening a container of previously set up medications, emptying the container into the person's hand, or opening and giving the medications in the original container to the person;

(2) bringing to the person liquids or food to accompany the medication; or

(3) providing reminders to take regularly scheduled medication or perform regularly scheduled treatments and exercises.

Subd. 2. **Medication administration.** (a) If responsibility for medication administration is assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum, the license holder must implement the following medication administration procedures to ensure a person takes medications and treatments as prescribed:

(1) checking the person's medication record;

(2) preparing the medication as necessary;

(3) administering the medication or treatment to the person;

(4) documenting the administration of the medication or treatment or the reason for not administering the medication or treatment; and

(5) reporting to the prescriber or a nurse any concerns about the medication or treatment, including side effects, effectiveness, or a pattern of the person refusing to take the medication or treatment as prescribed. Adverse reactions must be immediately reported to the prescriber or a nurse.

(b)(1) The license holder must ensure that the ~~following criteria~~ requirements in clauses (2) to (4) have been met before ~~staff that is not a licensed health professional administers~~ administering medication or treatment~~:~~.

~~(1)~~ (2) The license holder must obtain written authorization ~~has been obtained~~ from the person or the person's legal representative to administer medication or treatment ~~orders;~~ and must obtain reauthorization annually as needed. If the person or the person's legal representative refuses to authorize the license holder to administer medication, the medication must not be administered. The refusal to authorize medication administration must be reported to the prescriber as expediently as possible.

~~(2)~~ (3) The staff person ~~has completed~~ responsible for administering the medication or treatment must complete medication administration training according to section 245D.09, subdivision ~~4, paragraph~~ 4a, paragraphs (a) and (c), ~~clause (2);~~ and, as applicable to the person, paragraph (d).

~~(3) The medication or treatment will be administered under administration procedures established for the person in consultation with a licensed health professional. written instruction from the person's physician may constitute the medication administration procedures. A prescription label or the prescriber's order for the prescription is sufficient to constitute written instructions from the prescriber. A licensed health professional may delegate medication administration procedures.~~

(4) For a license holder providing intensive support services, the medication or treatment must be administered according to the license holder's medication administration policy and procedures as required under section 245D.11, subdivision 2, clause (3).

~~(b)~~ (c) The license holder must ensure the following information is documented in the person's medication administration record:

(1) the information on the current prescription label or the prescriber's current written or electronically recorded order or prescription that includes ~~directions for~~ the person's name, description of the medication or treatment to be provided, and the frequency and other information needed to safely and correctly ~~administering~~ administer the medication or treatment to ensure effectiveness;

(2) information on any ~~discomforts,~~ risks~~,~~ or other side effects that are reasonable to expect, and any contraindications to its use. This information must be readily available to all staff administering the medication;

(3) the possible consequences if the medication or treatment is not taken or administered as directed;

(4) instruction ~~from the prescriber~~ on when and to whom to report the following:

(i) if ~~the~~ a dose of medication ~~or treatment~~ is not administered or treatment is not performed as prescribed, whether by error by the staff or the person or by refusal by the person; and

(ii) the occurrence of possible adverse reactions to the medication or treatment;

(5) notation of any occurrence of a dose of medication not being administered or treatment not performed as prescribed, whether by error by the staff or the person or by refusal by the person, or of adverse reactions, and when and to whom the report was made; and

(6) notation of when a medication or treatment is started, administered, changed, or discontinued.

~~(c) The license holder must ensure that the information maintained in the medication administration record is current and is regularly reviewed with the person or the person's legal representative and the staff administering the medication to identify medication administration issues or errors. At a minimum, the review must be conducted every three months or more often if requested by the person or the person's legal representative. Based on the review, the license holder must develop and implement a plan to correct medication administration issues or errors. If issues or concerns are identified related to the medication itself, the license holder must report those as required under subdivision 4.~~

~~Subd. 3. **Medication assistance.** The license holder must ensure that the requirements of subdivision 2, paragraph (a), have been met when staff provides assistance to enable a person to self-administer medication when the person is capable of directing the person's own care, or when the person's legal representative is present and able to direct care for the person.~~

Subd. 4. **Reviewing and reporting medication and treatment issues.** ~~The following medication administration issues must be reported to the person or the person's legal representative and case manager as they occur or following timelines established in the person's service plan or as requested in writing by the person or the person's legal representative, or the case manager:~~ (a) When assigned responsibility for medication administration, the license holder must ensure that the information maintained in the medication administration record is current and is regularly reviewed to identify medication administration errors. At a minimum, the review must be conducted every three months, or more frequently as directed in the coordinated service and support plan or coordinated service and support plan addendum or as requested by the person or the person's legal representative. Based on the review, the license holder must develop and implement a plan to correct patterns of medication administration errors when identified.

(b) If assigned responsibility for medication assistance or medication administration, the license holder must report the following to the person's legal representative and case manager as they occur or as otherwise directed in the coordinated service and support plan or the coordinated service and support plan addendum:

(1) any reports made to the person's physician or prescriber required under subdivision 2, paragraph ~~(b)~~ (c), clause (4);

(2) a person's refusal or failure to take or receive medication or treatment as prescribed; or

(3) concerns about a person's self-administration of medication or treatment.

Subd. 5. **Injectable medications.** Injectable medications may be administered according to a prescriber's order and written instructions when one of the following conditions has been met:

(1) a registered nurse or licensed practical nurse will administer the subcutaneous or intramuscular injection;

(2) a supervising registered nurse with a physician's order has delegated the administration of subcutaneous injectable medication to an unlicensed staff member and has provided the necessary training; or

(3) there is an agreement signed by the license holder, the prescriber, and the person or the person's legal representative specifying what subcutaneous injections may be given, when, how, and that the prescriber must retain responsibility for the license holder's giving the injections. A copy of the agreement must be placed in the person's service recipient record.

Only licensed health professionals are allowed to administer psychotropic medications by injection.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 21. **[245D.051] PSYCHOTROPIC MEDICATION USE AND MONITORING.**

Subdivision 1. **Conditions for psychotropic medication administration.** (a) When a person is prescribed a psychotropic medication and the license holder is assigned responsibility for administration of the medication in the person's coordinated service and support plan or the coordinated service and support plan addendum, the license holder must ensure that the requirements in paragraphs (b) to (d) and section 245D.05, subdivision 2, are met.

(b) Use of the medication must be included in the person's coordinated service and support plan or in the coordinated service and support plan addendum and based on a prescriber's current written or electronically recorded prescription.

(c) The license holder must develop, implement, and maintain the following documentation in the person's coordinated service and support plan addendum according to the requirements in sections 245D.07 and 245D.071:

(1) a description of the target symptoms that the psychotropic medication is to alleviate; and

(2) documentation methods the license holder will use to monitor and measure changes in the target symptoms that are to be alleviated by the psychotropic medication if required by the prescriber. The license holder must collect and report on medication and symptom-related data as instructed by the prescriber. The license holder must provide the monitoring data to the expanded support team for review every three months, or as otherwise requested by the person or the person's legal representative.

For the purposes of this section, "target symptom" refers to any perceptible diagnostic criteria for a person's diagnosed mental disorder as defined by the Diagnostic and Statistical Manual of Mental Disorders Fourth Edition Text Revision (DSM-IV-TR) or successive editions that has been identified for alleviation.

(d) If a person is prescribed a psychotropic medication, monitoring the use of the psychotropic medication must be assigned to the license holder in the coordinated service and support plan or the coordinated service and support plan addendum. The assigned license holder must monitor the psychotropic medication as required by this section.

Subd. 2. **Refusal to authorize psychotropic medication.** If the person or the person's legal representative refuses to authorize the administration of a psychotropic medication as ordered by the prescriber, the license holder must follow the requirement in section 245D.05, subdivision 2, paragraph (b), clause (2). After reporting the refusal to the prescriber, the license holder must follow any directives or orders given by the prescriber. A court order must be obtained to override the refusal. Refusal to authorize administration of a specific psychotropic medication is not grounds for service termination and does not constitute an emergency. A decision to terminate services must be reached in compliance with section 245D.10, subdivision 3.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 22. Minnesota Statutes 2012, section 245D.06, is amended to read:

245D.06 PROTECTION STANDARDS.

Subdivision 1. **Incident response and reporting.** (a) The license holder must respond to ~~all~~ incidents under section 245D.02, subdivision 11, that occur while providing services to protect the health and safety of and minimize risk of harm to the person.

(b) The license holder must maintain information about and report incidents to the person's legal representative or designated emergency contact and case manager within 24 hours of an incident occurring while services are being provided, ~~or~~ within 24 hours of discovery or receipt of information that an incident occurred, unless the license holder has reason to know that the incident has already been reported, or as otherwise directed in a person's coordinated service and support plan or coordinated service and support plan addendum. An incident of suspected or alleged maltreatment must be reported as required under paragraph (d), and an incident of serious injury or death must be reported as required under paragraph (e).

(c) When the incident involves more than one person, the license holder must not disclose personally identifiable information about any other person when making the report to each person and case manager unless the license holder has the consent of the person.

(d) Within 24 hours of reporting maltreatment as required under section 626.556 or 626.557, the license holder must inform the case manager of the report unless there is reason to believe that the case manager is involved in the suspected maltreatment. The license holder must disclose the nature of the activity or occurrence reported and the agency that received the report.

(e) The license holder must report the death or serious injury of the person ~~to the legal representative, if any, and case manager,~~ as required in paragraph (b) and to the Department of Human Services Licensing Division, and the Office of Ombudsman for Mental Health and Developmental Disabilities as required under section 245.94, subdivision 2a, within 24 hours of the death, or receipt of information that the death occurred, unless the license holder has reason to know that the death has already been reported.

(f) When a death or serious injury occurs in a facility certified as an intermediate care facility for persons with developmental disabilities, the death or serious injury must be reported to the Department of Health, Office of Health Facility Complaints, and the Office of Ombudsman for Mental Health and Developmental Disabilities, as required under sections 245.91 and 245.94, subdivision 2a, unless the license holder has reason to know that the death has already been reported.

~~(f)~~ (g) The license holder must conduct ~~a~~ an internal review of incident reports of deaths and serious injuries that occurred while services were being provided and that were not reported by the program as alleged or suspected maltreatment, for identification of incident patterns, and implementation of corrective action as necessary to reduce occurrences. The review must include an evaluation of whether related policies and procedures were followed, whether the policies and procedures were adequate, whether there is a need for additional staff training, whether the reported event is similar to past events with the persons or the services involved, and whether there is a need for corrective action by the license holder to protect the health and safety of persons receiving services. Based on the results of this review, the license holder must develop, document, and implement a corrective action plan designed to correct current lapses and prevent future lapses in performance by staff or the license holder, if any.

(h) The license holder must verbally report the emergency use of manual restraint of a person as required in paragraph (b), within 24 hours of the occurrence. The license holder must ensure the written report and internal review of all incident reports of the emergency use of manual restraints are completed according to the requirements in section 245D.061.

Subd. 2. **Environment and safety.** The license holder must:

(1) ensure the following when the license holder is the owner, lessor, or tenant of ~~the~~ an unlicensed service site:

(i) the service site is a safe and hazard-free environment;

(ii) ~~doors are locked or~~ toxic substances or dangerous items ~~normally accessible~~ are inaccessible to persons served by the program ~~are stored in locked cabinets, drawers, or containers~~ only to protect the safety of a person receiving services and not as a substitute for staff supervision or interactions with a person who is receiving services. If ~~doors are locked or~~ toxic substances or dangerous items ~~normally accessible to persons served by the program are stored in locked cabinets, drawers, or containers~~ are made inaccessible, the license holder must ~~justify and document how this determination was made in consultation with the person or person's legal representative, and how access will otherwise be provided to the person and all other affected persons receiving services; and~~ document an assessment of the physical plant, its environment, and its population identifying the risk factors which require toxic substances or dangerous items to be inaccessible and a statement of specific measures to be taken to minimize the safety risk to persons receiving services;

(iii) doors are locked from the inside to prevent a person from exiting only when necessary to protect the safety of a person receiving services and not as a substitute for staff supervision or interactions with the person. If doors are locked from the inside, the license holder must document an assessment of the physical plant, the environment and the population served, identifying the risk factors which require the use of locked doors, and a statement of specific measures to be taken to minimize the safety risk to persons receiving services at the service site; and

~~(iii)~~ (iv) a staff person is available on site who is trained in basic first aid and, when required in a person's coordinated service and support plan or coordinated service and support plan addendum, cardiopulmonary resuscitation, whenever persons are present and staff are required to be at the site to provide direct service. The training must include in-person instruction, hands-on practice, and an observed skills assessment under the direct supervision of a first aid instructor;

(2) maintain equipment, vehicles, supplies, and materials owned or leased by the license holder in good condition when used to provide services;

(3) follow procedures to ensure safe transportation, handling, and transfers of the person and any equipment used by the person, when the license holder is responsible for transportation of a person or a person's equipment;

(4) be prepared for emergencies and follow emergency response procedures to ensure the person's safety in an emergency; and

(5) follow universal precautions and sanitary practices, including hand washing, for infection prevention and control, and to prevent communicable diseases.

~~Subd. 3. **Compliance with fire and safety codes.** When services are provided at a service site licensed according to chapter 245A or where the license holder is the owner, lessor, or tenant of the service site, the license holder must document compliance with applicable building codes, fire and safety codes, health rules, and zoning ordinances, or document that an appropriate waiver has been granted.~~

Subd. 4. **Funds and property.** (a) Whenever the license holder assists a person with the safekeeping of funds or other property according to section 245A.04, subdivision 13, the license holder must ~~have~~ obtain written authorization to do so from the person or the person's legal representative and the case manager. Authorization must be obtained within five working days of service initiation and renewed annually thereafter. At the time initial authorization is obtained, the license holder must survey, document, and implement the preferences of the person or the person's legal representative and the case manager for frequency of receiving a statement that itemizes receipts and disbursements of funds or other property. The license holder must document changes to these preferences when they are requested.

(b) A license holder or staff person may not accept powers-of-attorney from a person receiving services from the license holder for any purpose~~, and may not accept an appointment as guardian or conservator of a person receiving services from the license holder~~. This does not apply to license holders that are Minnesota counties or other units of government or to staff persons employed by license holders who were acting as ~~power of attorney, guardian, or conservator~~ attorney-in-fact for specific individuals prior to ~~April 23, 2012~~ implementation of this chapter. The license holder must maintain documentation of the power-of-attorney~~, guardianship, or conservatorship~~ in the service recipient record.

(c) Upon the transfer or death of a person, any funds or other property of the person must be surrendered to the person or the person's legal representative, or given to the executor or administrator of the estate in exchange for an itemized receipt.

Subd. 5. **Prohibitions.** (a) The license holder is prohibited from using ~~psychotropic medication~~ chemical restraints, mechanical restraint practices, manual restraints, time out, or seclusion as a substitute for adequate staffing, for a behavioral or therapeutic program to reduce or eliminate behavior, as punishment, or for staff convenience~~, or for any reason other than as prescribed~~.

~~(b) The license holder is prohibited from using restraints or seclusion under any circumstance, unless the commissioner has approved a variance request from the license holder that allows for the emergency use of restraints and seclusion according to terms and conditions approved in the variance. Applicants and license holders~~

~~who have reason to believe they may be serving an individual who will need emergency use of restraints or seclusion may request a variance on the application or reapplication, and the commissioner shall automatically review the request for a variance as part of the application or reapplication process. License holders may also request the variance any time after issuance of a license. In the event a license holder uses restraint or seclusion for any reason without first obtaining a variance as required, the license holder must report the unauthorized use of restraint or seclusion to the commissioner within 24 hours of the occurrence and request the required variance.~~

(b) For the purposes of this subdivision, "chemical restraint" means the administration of a drug or medication to control the person's behavior or restrict the person's freedom of movement and is not a standard treatment of dosage for the person's medical or psychological condition.

(c) For the purposes of this subdivision, "mechanical restraint practice" means the use of any adaptive equipment or safety device to control the person's behavior or restrict the person's freedom of movement and not as ordered by a licensed health professional. Mechanical restraint practices include, but are not limited to, the use of bed rails or similar devices on a bed to prevent the person from getting out of bed, chairs that prevent a person from rising, or placing a person in a wheelchair so close to a wall that the wall prevents the person from rising. Wrist bands or devices on clothing that trigger electronic alarms to warn staff that a person is leaving a room or area do not, in and of themselves, restrict freedom of movement and should not be considered restraints.

(d) A license holder must not use manual restraints, time out, or seclusion under any circumstance, except for emergency use of manual restraints according to the requirements in section 245D.061 or the use of controlled procedures with a person with a developmental disability as governed by Minnesota Rules, parts 9525.2700 to 9525.2810, or its successor provisions. License holders implementing nonemergency use of manual restraint, or any other programmatic use of mechanical restraint, time out, or seclusion with persons who do not have a developmental disability that is not subject to the requirements of Minnesota Rules, parts 9525.2700 to 9525.2810, must submit a variance request to the commissioner for continued use of the procedure within three months of implementation of this chapter.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 23. **[245D.061] EMERGENCY USE OF MANUAL RESTRAINTS.**

Subdivision 1. **Standards for emergency use of manual restraints.** Except for the emergency use of controlled procedures with a person with a developmental disability as governed by Minnesota Rules, part 9525.2770, or its successor provisions, the license holder must ensure that emergency use of manual restraints complies with the requirements of this chapter and the license holder's policy and procedures as required under subdivision 10.

Subd. 2. **Definitions.** (a) The terms used in this section have the meaning given them in this subdivision.

(b) "Manual restraint" means physical intervention intended to hold a person immobile or limit a person's voluntary movement by using body contact as the only source of physical restraint.

(c) "Mechanical restraint" means the use of devices, materials, or equipment attached or adjacent to the person's body, or the use of practices which restrict freedom of movement or normal access to one's body or body parts, or limits a person's voluntary movement or holds a person immobile as an intervention precipitated by a person's behavior. The term does apply to mechanical restraint used to prevent injury with persons who engage in self-injurious behaviors, such as head-banging, gouging, or other actions resulting in tissue damage that have caused or could cause medical problems resulting from the self-injury.

Subd. 3. **Conditions for emergency use of manual restraint.** Emergency use of manual restraint must meet the following conditions:

(1) immediate intervention must be needed to protect the person or others from imminent risk of physical harm; and

(2) the type of manual restraint used must be the least restrictive intervention to eliminate the immediate risk of harm and effectively achieve safety. The manual restraint must end when the threat of harm ends.

Subd. 4. **Permitted instructional techniques and therapeutic conduct.** (a) Use of physical contact as therapeutic conduct or as an instructional technique as identified in paragraphs (b) and (c), is permitted and is not subject to the requirements of this section when such use is addressed in a person's coordinated service and support plan addendum and the required conditions have been met. For the purposes of this subdivision, "therapeutic conduct" has the meaning given in section 626.5572, subdivision 20.

(b) Physical contact or instructional techniques must use the least restrictive alternative possible to meet the needs of the person and may be used:

(1) to calm or comfort a person by holding that person with no resistance from that person;

(2) to protect a person known to be at risk of injury due to frequent falls as a result of a medical condition; or

(3) to position a person with physical disabilities in a manner specified in the person's coordinated service and support plan addendum.

(c) Restraint may be used as therapeutic conduct:

(1) to allow a licensed health care professional to safely conduct a medical examination or to provide medical treatment ordered by a licensed health care professional to a person necessary to promote healing or recovery from an acute, meaning short-term, medical condition;

(2) to facilitate the person's completion of a task or response when the person does not resist or the person's resistance is minimal in intensity and duration;

(3) to briefly block or redirect a person's limbs or body without holding the person or limiting the person's movement to interrupt the person's behavior that may result in injury to self or others; or

(4) to assist in the safe evacuation of a person in the event of an emergency or to redirect a person who is at imminent risk of harm in a dangerous situation.

(d) A plan for using restraint as therapeutic conduct must be developed according to the requirements in sections 245D.07 and 245D.071, and must include methods to reduce or eliminate the use of and need for restraint.

Subd. 5. **Restrictions when implementing emergency use of manual restraint.** (a) Emergency use of manual restraint procedures must not:

(1) be implemented with a child in a manner that constitutes sexual abuse, neglect, physical abuse, or mental injury, as defined in section 626.556, subdivision 2;

(2) be implemented with an adult in a manner that constitutes abuse or neglect as defined in section 626.5572, subdivisions 2 and 17;

(3) be implemented in a manner that violates a person's rights and protections identified in section 245D.04;

(4) restrict a person's normal access to a nutritious diet, drinking water, adequate ventilation, necessary medical care, ordinary hygiene facilities, normal sleeping conditions, or necessary clothing, or to any protection required by state licensing standards and federal regulations governing the program;

(5) deny the person visitation or ordinary contact with legal counsel, a legal representative, or next of kin;

(6) be used as a substitute for adequate staffing, for the convenience of staff, as punishment, or as a consequence if the person refuses to participate in the treatment or services provided by the program; or

(7) use prone restraint. For the purposes of this section, "prone restraint" means use of manual restraint that places a person in a face-down position. This does not include brief physical holding of a person who, during an emergency use of manual restraint, rolls into a prone position, and the person is restored to a standing, sitting, or side-lying position as quickly as possible. Applying back or chest pressure while a person is in the prone or supine position or face-up is prohibited.

Subd. 6. **Monitoring emergency use of manual restraint.** The license holder shall monitor a person's health and safety during an emergency use of a manual restraint. Staff monitoring the procedure must not be the staff implementing the procedure when possible. The license holder shall complete a monitoring form, approved by the commissioner, for each incident involving the emergency use of a manual restraint.

Subd. 7. **Reporting emergency use of manual restraint incident.** (a) Within three calendar days after an emergency use of a manual restraint, the staff person who implemented the emergency use must report in writing to the designated coordinator the following information about the emergency use:

(1) the staff and persons receiving services who were involved in the incident leading up to the emergency use of manual restraint;

(2) a description of the physical and social environment, including who was present before and during the incident leading up to the emergency use of manual restraint;

(3) a description of what less restrictive alternative measures were attempted to de-escalate the incident and maintain safety before the manual restraint was implemented that identifies when, how, and how long the alternative measures were attempted before manual restraint was implemented;

(4) a description of the mental, physical, and emotional condition of the person who was restrained, and other persons involved in the incident leading up to, during, and following the manual restraint;

(5) whether there was any injury to the person who was restrained or other persons involved in the incident, including staff, before or as a result of the use of manual restraint; and

(6) whether there was an attempt to debrief with the staff, and, if not contraindicated, with the person who was restrained and other persons who were involved in or who witnessed the restraint, following the incident and the outcome of the debriefing. If the debriefing was not conducted at the time the incident report was made, the report should identify whether a debriefing is planned.

(b) Each single incident of emergency use of manual restraint must be reported separately. For the purposes of this subdivision, an incident of emergency use of manual restraint is a single incident when the following conditions have been met:

(1) after implementing the manual restraint, staff attempt to release the person at the moment staff believe the person's conduct no longer poses an imminent risk of physical harm to self or others and less restrictive strategies can be implemented to maintain safety;

(2) upon the attempt to release the restraint, the person's behavior immediately re-escalates; and

(3) staff must immediately reimplement the restraint in order to maintain safety.

Subd. 8. **Internal review of emergency use of manual restraint.** (a) Within five working days of the emergency use of manual restraint, the license holder must complete an internal review of each report of emergency use of manual restraint. The review must include an evaluation of whether:

(1) the person's service and support strategies developed according to sections 245D.07 and 245D.071 need to be revised;

(2) related policies and procedures were followed;

(3) the policies and procedures were adequate;

(4) there is a need for additional staff training;

(5) the reported event is similar to past events with the persons, staff, or the services involved; and

(6) there is a need for corrective action by the license holder to protect the health and safety of persons.

(b) Based on the results of the internal review, the license holder must develop, document, and implement a corrective action plan for the program designed to correct current lapses and prevent future lapses in performance by individuals or the license holder, if any. The corrective action plan, if any, must be implemented within 30 days of the internal review being completed.

Subd. 9. **Expanded support team review.** (a) Within five working days after the completion of the internal review required in subdivision 8, the license holder must consult with the expanded support team following the emergency use of manual restraint to:

(1) discuss the incident reported in subdivision 7, to define the antecedent or event that gave rise to the behavior resulting in the manual restraint and identify the perceived function the behavior served; and

(2) determine whether the person's coordinated service and support plan addendum needs to be revised according to sections 245D.07 and 245D.071 to positively and effectively help the person maintain stability and to reduce or eliminate future occurrences requiring emergency use of manual restraint.

Subd. 10. **Emergency use of manual restraints policy and procedures.** The license holder must develop, document, and implement a policy and procedures that promote service recipient rights and protect health and safety during the emergency use of manual restraints. The policy and procedures must comply with the requirements of this section and must specify the following:

(1) a description of the positive support strategies and techniques staff must use to attempt to de-escalate a person's behavior before it poses an imminent risk of physical harm to self or others;

(2) a description of the types of manual restraints the license holder allows staff to use on an emergency basis, if any. If the license holder will not allow the emergency use of manual restraint, the policy and procedure must identify the alternative measures the license holder will require staff to use when a person's conduct poses an imminent risk of physical harm to self or others and less restrictive strategies would not achieve safety;

(3) instructions for safe and correct implementation of the allowed manual restraint procedures;

(4) the training that staff must complete and the timelines for completion, before they may implement an emergency use of manual restraint. In addition to the training on this policy and procedure and the orientation and annual training required in section 245D.09, subdivision 4, the training for emergency use of manual restraint must incorporate the following subjects:

(i) alternatives to manual restraint procedures, including techniques to identify events and environmental factors that may escalate conduct that poses an imminent risk of physical harm to self or others;

(ii) de-escalation methods, positive support strategies, and how to avoid power struggles;

(iii) simulated experiences of administering and receiving manual restraint procedures allowed by the license holder on an emergency basis;

(iv) how to properly identify thresholds for implementing and ceasing restrictive procedures;

(v) how to recognize, monitor, and respond to the person's physical signs of distress, including positional asphyxia;

(vi) the physiological and psychological impact on the person and the staff when restrictive procedures are used;

(vii) the communicative intent of behaviors; and

(viii) relationship building;

(5) the procedures and forms to be used to monitor the emergency use of manual restraints, including what must be monitored and the frequency of monitoring per each incident of emergency use of manual restraint, and the person or position who is responsible for monitoring the use;

(6) the instructions, forms, and timelines required for completing and submitting an incident report by the person or persons who implemented the manual restraint; and

(7) the procedures and timelines for conducting the internal review and the expanded support team review, and the person or position responsible for completing the reviews and who is responsible for ensuring that corrective action is taken or the person's coordinated service and support plan addendum is revised, when determined necessary.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 24. Minnesota Statutes 2012, section 245D.07, is amended to read:

245D.07 SERVICE ~~NEEDS~~ PLANNING AND DELIVERY.

Subdivision 1. **Provision of services.** The license holder must provide services as ~~specified~~ assigned in the coordinated service and support plan ~~and assigned to the license holder~~. The provision of services must comply with the requirements of this chapter and the federal waiver plans.

Subd. 1a. **Person-centered planning and service delivery.** (a) The license holder must provide services in response to the person's identified needs, interests, preferences, and desired outcomes as specified in the coordinated service and support plan, the coordinated service and support plan addendum, and in compliance with the requirements of this chapter. License holders providing intensive support services must also provide outcome-based services according to the requirements in section 245D.071.

(b) Services must be provided in a manner that supports the person's preferences, daily needs, and activities and accomplishment of the person's personal goals and service outcomes, consistent with the principles of:

(1) person-centered service planning and delivery that:

(i) identifies and supports what is important to the person as well as what is important for the person, including preferences for when, how, and by whom direct support service is provided;

(ii) uses that information to identify outcomes the person desires; and

(iii) respects each person's history, dignity, and cultural background;

(2) self-determination that supports and provides:

(i) opportunities for the development and exercise of functional and age-appropriate skills, decision making and choice, personal advocacy, and communication; and

(ii) the affirmation and protection of each person's civil and legal rights;

(3) providing the most integrated setting and inclusive service delivery that supports, promotes, and allows:

(i) inclusion and participation in the person's community as desired by the person in a manner that enables the person to interact with nondisabled persons to the fullest extent possible and supports the person in developing and maintaining a role as a valued community member;

(ii) opportunities for self-sufficiency as well as developing and maintaining social relationships and natural supports; and

(iii) a balance between risk and opportunity, meaning the least restrictive supports or interventions necessary are provided in the most integrated settings in the most inclusive manner possible to support the person to engage in activities of the person's own choosing that may otherwise present a risk to the person's health, safety, or rights.

Subd. 2. **Service planning requirements for basic support services.** (a) License holders providing basic support services must meet the requirements of this subdivision.

(b) Within 15 days of service initiation the license holder must complete a preliminary coordinated service and support plan addendum based on the coordinated service and support plan.

(c) Within 60 days of service initiation the license holder must review and revise as needed the preliminary coordinated service and support plan addendum to document the services that will be provided including how, when, and by whom services will be provided, and the person responsible for overseeing the delivery and coordination of services.

(d) The license holder must participate in service planning and support team meetings ~~related to~~ for the person following stated timelines established in the person's coordinated service and support plan or as requested by ~~the support team,~~ the person~~,~~ or the person's legal representative, the support team or the expanded support team.

Subd. 3. **Reports.** The license holder must provide written reports regarding the person's progress or status as requested by the person, the person's legal representative, the case manager, or the team.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 25. **[245D.071] SERVICE PLANNING AND DELIVERY; INTENSIVE SUPPORT SERVICES.**

Subdivision 1. **Requirements for intensive support services.** A license holder providing intensive support services identified in section 245D.03, subdivision 1, paragraph (c), must comply with the requirements in section 245D.07, subdivisions 1 and 3, and this section.

Subd. 2. **Abuse prevention.** Prior to or upon initiating services, the license holder must develop, document, and implement an abuse prevention plan according to section 245A.65, subdivision 2.

Subd. 3. **Assessment and initial service planning.** (a) Within 15 days of service initiation the license holder must complete a preliminary coordinated service and support plan addendum based on the coordinated service and support plan.

(b) Within 45 days of service initiation the license holder must meet with the person, the person's legal representative, the case manager, and other members of the support team or expanded support team to assess and determine the following based on the person's coordinated service and support plan and the requirements in subdivision 4 and section 245D.07, subdivision 1a:

(1) the scope of the services to be provided to support the person's daily needs and activities;

(2) the person's desired outcomes and the supports necessary to accomplish the person's desired outcomes;

(3) the person's preferences for how services and supports are provided;

(4) whether the current service setting is the most integrated setting available and appropriate for the person; and

(5) how services must be coordinated across other providers licensed under this chapter serving the same person to ensure continuity of care for the person.

(c) Within the scope of services, the license holder must, at a minimum, assess the following areas:

(1) the person's ability to self-manage health and medical needs to maintain or improve physical, mental, and emotional well-being, including, when applicable, allergies, seizures, choking, special dietary needs, chronic medical conditions, self-administration of medication or treatment orders, preventative screening, and medical and dental appointments;

(2) the person's ability to self-manage personal safety to avoid injury or accident in the service setting, including, when applicable, risk of falling, mobility, regulating water temperature, community survival skills, water safety skills, and sensory disabilities; and

(3) the person's ability to self-manage symptoms or behavior that may otherwise result in an incident as defined in section 245D.02, subdivision 11, clauses (4) to (7), suspension or termination of services by the license holder, or other symptoms or behaviors that may jeopardize the health and safety of the person or others. The assessments must produce information about the person that is descriptive of the person's overall strengths, functional skills and abilities, and behaviors or symptoms.

Subd. 4. **Service outcomes and supports.** (a) Within ten working days of the 45-day meeting, the license holder must develop and document the service outcomes and supports based on the assessments completed under subdivision 3 and the requirements in section 245D.07, subdivision 1a. The outcomes and supports must be included in the coordinated service and support plan addendum.

(b) The license holder must document the supports and methods to be implemented to support the accomplishment of outcomes related to acquiring, retaining, or improving skills. The documentation must include:

(1) the methods or actions that will be used to support the person and to accomplish the service outcomes, including information about:

(i) any changes or modifications to the physical and social environments necessary when the service supports are provided;

(ii) any equipment and materials required; and

(iii) techniques that are consistent with the person's communication mode and learning style;

(2) the measurable and observable criteria for identifying when the desired outcome has been achieved and how data will be collected;

(3) the projected starting date for implementing the supports and methods and the date by which progress towards accomplishing the outcomes will be reviewed and evaluated; and

(4) the names of the staff or position responsible for implementing the supports and methods.

(c) Within 20 working days of the 45-day meeting, the license holder must obtain dated signatures from the person or the person's legal representative and case manager to document completion and approval of the assessment and coordinated service and support plan addendum.

Subd. 5. **Progress reviews.** (a) The license holder must give the person or the person's legal representative and case manager an opportunity to participate in the ongoing review and development of the methods used to support the person and accomplish outcomes identified in subdivisions 3 and 4. The license holder, in coordination with the person's support team or expanded support team, must meet with the person, the person's legal representative, and the case manager, and participate in progress review meetings following stated timelines established in the person's coordinated service and support plan or coordinated service and support plan addendum or within 30 days of a written request by the person, the person's legal representative, or the case manager, at a minimum of once per year.

(b) The license holder must summarize the person's progress toward achieving the identified outcomes and make recommendations and identify the rationale for changing, continuing, or discontinuing implementation of supports and methods identified in subdivision 4 in a written report sent to the person or the person's legal representative and case manager five working days prior to the review meeting, unless the person, the person's legal representative, or the case manager request to receive the report at the time of the meeting.

(c) Within ten working days of the progress review meeting, the license holder must obtain dated signatures from the person or the person's legal representative and the case manager to document approval of any changes to the coordinated service and support plan addendum.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 26. **[245D.081] PROGRAM COORDINATION, EVALUATION, AND OVERSIGHT.**

Subdivision 1. **Program coordination and evaluation.** (a) The license holder is responsible for:

(1) coordination of service delivery and evaluation for each person served by the program as identified in subdivision 2; and

(2) program management and oversight that includes evaluation of the program quality and program improvement for services provided by the license holder as identified in subdivision 3.

(b) The same person may perform the functions in paragraph (a) if the work and education qualifications are met in subdivisions 2 and 3.

Subd. 2. **Coordination and evaluation of individual service delivery.** (a) Delivery and evaluation of services provided by the license holder must be coordinated by a designated staff person. The designated coordinator must provide supervision, support, and evaluation of activities that include:

(1) oversight of the license holder's responsibilities assigned in the person's coordinated service and support plan and the coordinated service and support plan addendum;

(2) taking the action necessary to facilitate the accomplishment of the outcomes according to the requirements in section 245D.07;

(3) instruction and assistance to direct support staff implementing the coordinated service and support plan and the service outcomes, including direct observation of service delivery sufficient to assess staff competency; and

(4) evaluation of the effectiveness of service delivery, methodologies, and progress on the person's outcomes based on the measurable and observable criteria for identifying when the desired outcome has been achieved according to the requirements in section 245D.07.

(b) The license holder must ensure that the designated coordinator is competent to perform the required duties identified in paragraph (a) through education and training in human services and disability-related fields, and work experience in providing direct care services and supports to persons with disabilities. The designated coordinator must have the skills and ability necessary to develop effective plans and to design and use data systems to measure effectiveness of services and supports. The license holder must verify and document competence according to the requirements in section 245D.09, subdivision 3. The designated coordinator must minimally have:

(1) a baccalaureate degree in a field related to human services, and one year of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older;

(2) an associate degree in a field related to human services, and two years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older;

(3) a diploma in a field related to human services from an accredited postsecondary institution and three years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older; or

(4) a minimum of 50 hours of education and training related to human services and disabilities; and

(5) four years of full-time work experience providing direct care services to persons with disabilities or persons age 65 and older under the supervision of a staff person who meets the qualifications identified in clauses (1) to (3).

Subd. 3. **Program management and oversight.** (a) The license holder must designate a managerial staff person or persons to provide program management and oversight of the services provided by the license holder. The designated manager is responsible for the following:

(1) maintaining a current understanding of the licensing requirements sufficient to ensure compliance throughout the program as identified in section 245A.04, subdivision 1, paragraph (e), and when applicable, as identified in section 256B.04, subdivision 21, paragraph (b);

(2) ensuring the duties of the designated coordinator are fulfilled according to the requirements in subdivision 2;

(3) ensuring the program implements corrective action identified as necessary by the program following review of incident and emergency reports according to the requirements in section 245D.11, subdivision 2, clause (7). An internal review of incident reports of alleged or suspected maltreatment must be conducted according to the requirements in section 245A.65, subdivision 1, paragraph (b);

(4) evaluation of satisfaction of persons served by the program, the person's legal representative, if any, and the case manager, with the service delivery and progress towards accomplishing outcomes identified in sections 245D.07 and 245D.071, and ensuring and protecting each person's rights as identified in section 245D.04;

(5) ensuring staff competency requirements are met according to the requirements in section 245D.09, subdivision 3, and ensuring staff orientation and training is provided according to the requirements in section 245D.09, subdivisions 4, 4a, and 5;

(6) ensuring corrective action is taken when ordered by the commissioner and that the terms and condition of the license and any variances are met; and

(7) evaluating the information identified in clauses (1) to (6) to develop, document, and implement ongoing program improvements.

(b) The designated manager must be competent to perform the duties as required and must minimally meet the education and training requirements identified in subdivision 2, paragraph (b), and have a minimum of three years of supervisory level experience in a program providing direct support services to persons with disabilities or persons age 65 and older.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 27. Minnesota Statutes 2012, section 245D.09, is amended to read:

245D.09 STAFFING STANDARDS.

Subdivision 1. **Staffing requirements.** The license holder must provide the level of direct service support staff ~~sufficient~~ supervision, assistance, and training necessary:

(1) to ensure the health, safety, and protection of rights of each person; and

(2) to be able to implement the responsibilities assigned to the license holder in each person's coordinated service and support plan or identified in the coordinated service and support plan addendum, according to the requirements of this chapter.

Subd. 2. **Supervision of staff having direct contact.** Except for a license holder who is the sole direct ~~service~~ support staff, the license holder must provide adequate supervision of staff providing direct ~~service~~ support to ensure the health, safety, and protection of rights of each person and implementation of the responsibilities assigned to the license holder in each person's ~~service plan~~ coordinated service and support plan or coordinated service and support plan addendum.

Subd. 3. **Staff qualifications.** (a) The license holder must ensure that staff providing direct support, or staff who have responsibilities related to supervising or managing the provision of direct support service, is competent as demonstrated through skills and knowledge training, experience, and education to meet the person's needs and additional requirements as written in the coordinated service and support plan or coordinated service and support plan addendum, or when otherwise required by the case manager or the federal waiver plan. The license holder must verify and maintain evidence of staff competency, including documentation of:

(1) education and experience qualifications relevant to the job responsibilities assigned to the staff and the needs of the general population of persons served by the program, including a valid degree and transcript, or a current license, registration, or certification, when a degree or licensure, registration, or certification is required by this chapter or in the coordinated service and support plan or coordinated service and support plan addendum;

(2) ~~completion of required~~ demonstrated competency in the orientation and training areas required under this chapter, ~~including~~ and when applicable, completion of continuing education required to maintain professional licensure, registration, or certification requirements. Competency in these areas is determined by the license holder through knowledge testing and observed skill assessment conducted by the trainer or instructor; and

(3) except for a license holder who is the sole direct ~~service~~ support staff, periodic performance evaluations completed by the license holder of the direct ~~service~~ support staff person's ability to perform the job functions based on direct observation.

(b) Staff under 18 years of age may not perform overnight duties or administer medication.

Subd. 4. **Orientation to program requirements.** ~~(a)~~ Except for a license holder who does not supervise any direct ~~service~~ support staff, within ~~90 days of hiring direct service staff~~ 60 days of hire, unless stated otherwise, the license holder must provide and ensure completion of orientation for direct support staff that combines supervised on-the-job training with review of and instruction ~~on~~ in the following areas:

(1) the job description and how to complete specific job functions, including:

(i) responding to and reporting incidents as required under section 245D.06, subdivision 1; and

(ii) following safety practices established by the license holder and as required in section 245D.06, subdivision 2;

(2) the license holder's current policies and procedures required under this chapter, including their location and access, and staff responsibilities related to implementation of those policies and procedures;

(3) data privacy requirements according to sections 13.01 to 13.10 and 13.46, the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), and staff responsibilities related to complying with data privacy practices;

(4) the service recipient rights ~~under section 245D.04~~, and staff responsibilities related to ensuring the exercise and protection of those rights according to the requirements in section 245D.04;

(5) sections 245A.65, 245A.66, 626.556, and 626.557, governing maltreatment reporting and service planning for children and vulnerable adults, and staff responsibilities related to protecting persons from maltreatment and reporting maltreatment. This orientation must be provided within 72 hours of first providing direct contact services and annually thereafter according to section 245A.65, subdivision 3;

(6) ~~what constitutes use of restraints, seclusion, and psychotropic medications, and staff responsibilities related to the prohibitions of their use~~ the principles of person-centered service planning and delivery as identified in section 245D.07, subdivision 1a, and how they apply to direct support service provided by the staff person; and

(7) other topics as determined necessary in the person's coordinated service and support plan by the case manager or other areas identified by the license holder.

~~(b) License holders who provide direct service themselves must complete the orientation required in paragraph (a), clauses (3) to (7).~~

Subd. 4a. **Orientation to individual service recipient needs.** ~~(c)~~ (a) Before ~~providing~~ having unsupervised direct ~~service to~~ contact with a person served by the program, or for whom the staff person has not previously provided direct ~~service~~ support, or any time the plans or procedures identified in ~~clauses (1) and (2)~~ paragraphs (b) to (f) are revised, the staff person must review and receive instruction on the ~~following as it relates~~ requirements in paragraphs (b) to (f) as they relate to the staff person's job functions for that person~~:~~.

(b) Orientation training and competency evaluation of direct care staff in a program providing 24-hour care for a client with corporate supervision must be provided under the direction of a registered nurse. Training and competency evaluations must include the following:

(1) documentation requirements for all services provided;

(2) reports of changes in the client's condition to the supervisor designated by the home care provider;

(3) basic infection control, including blood-borne pathogens;

(4) maintenance of a clean and safe environment;

(5) appropriate and safe techniques in personal hygiene and grooming, including hair care; bathing; care of teeth, gums, and oral prosthetic devices; and other activities of daily living (ADLs);

(6) an understanding of what constitutes a healthy diet according to data from the Centers for Disease Control and the skills necessary to prepare that diet;

(7) skills necessary to provide appropriate support in instrumental activities of daily living (IADLs); and

(8) demonstrated competence in providing first aid.

~~(1)~~ (c) The staff person must review and receive instruction on the person's coordinated service and support plan or coordinated service and support plan addendum as it relates to the responsibilities assigned to the license holder, and when applicable, the person's individual abuse prevention plan ~~according to section 245A.65~~, to achieve and demonstrate an understanding of the person as a unique individual, and how to implement those plans~~; and~~.

~~(2)~~ (d) The staff person must review and receive instruction on medication administration procedures established for the person when medication administration is assigned to the license holder according to section 245D.05, subdivision 1, paragraph (b). Unlicensed staff may administer medications only after successful completion of a medication administration training, from a training curriculum developed by a registered nurse, clinical nurse specialist in psychiatric and mental health nursing, certified nurse practitioner, physician's assistant, or physician ~~incorporating~~. The training curriculum must incorporate an observed skill assessment conducted by the trainer to ensure staff demonstrate the ability to safely and correctly follow medication procedures.

Medication administration must be taught by a registered nurse, clinical nurse specialist, certified nurse practitioner, physician's assistant, or physician if, at the time of service initiation or any time thereafter, the person has or develops a health care condition that affects the service options available to the person because the condition requires:

~~(i)~~ (1) specialized or intensive medical or nursing supervision; and

~~(ii)~~ (2) nonmedical service providers to adapt their services to accommodate the health and safety needs of the person~~; and~~.

~~(iii) necessary training in order to meet the health service needs of the person as determined by the person's physician.~~

(e) The staff person must review and receive instruction on the safe and correct operation of medical equipment used by the person to sustain life, including but not limited to ventilators, feeding tubes, or endotracheal tubes. The training must be provided by a licensed health care professional or a manufacturer's representative and incorporate an observed skill assessment to ensure staff demonstrate the ability to safely and correctly operate the equipment according to the treatment orders and the manufacturer's instructions.

(f) The staff person must review and receive instruction on what constitutes use of restraints, time out, and seclusion, including chemical restraint, and staff responsibilities related to the prohibitions of their use according to the requirements in section 245D.06, subdivision 5, why such procedures are not effective for reducing or eliminating symptoms or undesired behavior and why they are not safe, and the safe and correct use of manual restraint on an emergency basis according to the requirements in section 245D.061.

(g) In the event of an emergency service initiation, the license holder must ensure the training required in this subdivision occurs within 72 hours of the direct support staff person first having unsupervised contact with the person receiving services. The license holder must document the reason for the unplanned or emergency service initiation and maintain the documentation in the person's service recipient record.

(h) License holders who provide direct support services themselves must complete the orientation required in subdivision 4, clauses (3) to (7).

Subd. 5. **Annual training.** ~~(a)~~ A license holder must provide annual training to direct ~~service~~ support staff on the topics identified in subdivision 4, ~~paragraph (a),~~ clauses (3) to ~~(6)~~ (7), and subdivision 4a, paragraphs (a) to (h). A license holder providing 24-hour care with corporate supervision must provide a minimum of 24 hours of annual training to direct service staff in topics described in subdivisions 4, clauses (1) to (7), and 4a, paragraphs (a) to (h). Training on relevant topics received from sources other than the license holder may count toward training requirements.

~~(b) A license holder providing behavioral programming, specialist services, personal support, 24-hour emergency assistance, night supervision, independent living skills, structured day, prevocational, or supported employment services must provide a minimum of eight hours of annual training to direct service staff that addresses:~~

~~(1) topics related to the general health, safety, and service needs of the population served by the license holder; and~~

~~(2) other areas identified by the license holder or in the person's current service plan.~~

~~Training on relevant topics received from sources other than the license holder may count toward training requirements.~~

~~(c) When the license holder is the owner, lessor, or tenant of the service site and whenever a person receiving services is present at the site, the license holder must have a staff person available on site who is trained in basic first aid and, when required in a person's service plan, cardiopulmonary resuscitation.~~

Subd. 5a. **Alternative sources of training.** Orientation or training received by the staff person from sources other than the license holder in the same subjects as identified in subdivision 4 may count toward the orientation and annual training requirements if received in the 12-month period before the staff person's date of hire. The license holder must maintain documentation of the training received from other sources and of each staff person's competency in the required area according to the requirements in subdivision 3.

Subd. 6. **Subcontractors and temporary staff.** If the license holder uses a subcontractor or temporary staff to perform services licensed under this chapter on the license holder's behalf, the license holder must ensure that the subcontractor or temporary staff meets and maintains compliance with all requirements under this chapter that apply to the services to be provided, including training, orientation, and supervision necessary to fulfill their responsibilities. The license holder must ensure that a background study has been completed according to the requirements in sections 245C.03, subdivision 1, and 245C.04. Subcontractors and temporary staff hired by the license holder must meet the Minnesota licensing requirements applicable to the disciplines in which they are providing services. The license holder must maintain documentation that the applicable requirements have been met.

Subd. 7. **Volunteers.** The license holder must ensure that volunteers who provide direct support services to persons served by the program receive the training, orientation, and supervision necessary to fulfill their responsibilities. The license holder must ensure that a background study has been completed according to the requirements in sections 245C.03, subdivision 1, and 245C.04. The license holder must maintain documentation that the applicable requirements have been met.

Subd. 8. **Staff orientation and training plan.** The license holder must develop a staff orientation and training plan documenting when and how compliance with subdivisions 4, 4a, and 5 will be met.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 28. **[245D.091] INTERVENTION SERVICES.**

Subdivision 1. **Licensure requirements.** An individual meeting the staff qualification requirements of this section who is an employee of a program licensed according to this chapter and providing behavioral support services, specialist services, or crisis respite services is not required to hold a separate license under this chapter. An individual meeting the staff qualifications of this section who is not providing these services as an employee of a program licensed according to this chapter must obtain a license according to this chapter.

Subd. 2. **Behavior professional qualifications.** A behavior professional, as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans, must have competencies in areas related to:

(1) ethical considerations;

(2) functional assessment;

(3) functional analysis;

(4) measurement of behavior and interpretation of data;

(5) selecting intervention outcomes and strategies;

(6) behavior reduction and elimination strategies that promote least restrictive approved alternatives;

(7) data collection;

(8) staff and caregiver training;

(9) support plan monitoring;

(10) co-occurring mental disorders or neuro-cognitive disorder;

(11) demonstrated expertise with populations being served; and

(12) must be a:

(i) psychologist licensed under sections 148.88 to 148.98, who has stated to the Board of Psychology competencies in the above identified areas;

(ii) clinical social worker licensed as an independent clinical social worker under chapter 148D, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the areas identified in clauses (1) to (11);

(iii) physician licensed under chapter 147 and certified by the American Board of Psychiatry and Neurology or eligible for board certification in psychiatry with competencies in the areas identified in clauses (1) to (11);

(iv) licensed professional clinical counselor licensed under sections 148B.29 to 148B.39 with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services who has demonstrated competencies in the areas identified in clauses (1) to (11);

(v) person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services with demonstrated competencies in the areas identified in clauses (1) to (11); or

(vi) registered nurse who is licensed under sections 148.171 to 148.285, and who is certified as a clinical specialist or as a nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization, or who has a master's degree in nursing or one of the behavioral sciences or related fields from an accredited college or university or its equivalent, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services.

Subd. 3. **Behavior analyst qualifications.** (a) A behavior analyst, as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans, must:

(1) have obtained a baccalaureate degree, master's degree, or a PhD in a social services discipline; or

(2) meet the qualifications of a mental health practitioner as defined in section 245.462, subdivision 17.

(b) In addition, a behavior analyst must:

(1) have four years of supervised experience working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neuro-cognitive disorder;

(2) have received ten hours of instruction in functional assessment and functional analysis;

(3) have received 20 hours of instruction in the understanding of the function of behavior;

(4) have received ten hours of instruction on design of positive practices behavior support strategies;

(5) have received 20 hours of instruction on the use of behavior reduction approved strategies used only in combination with behavior positive practices strategies;

(6) be determined by a behavior professional to have the training and prerequisite skills required to provide positive practice strategies as well as behavior reduction approved and permitted intervention to the person who receives behavioral support; and

(7) be under the direct supervision of a behavior professional.

Subd. 4. **Behavior specialist qualifications.** (a) A behavior specialist, as defined in the brain injury and community alternatives for disabled individuals waiver plans or successor plans, must meet the following qualifications:

(1) have an associate's degree in a social services discipline; or

(2) have two years of supervised experience working with individuals who exhibit challenging behaviors as well as co-occurring mental disorders or neuro-cognitive disorder.

(b) In addition, a behavior specialist must:

(1) have received a minimum of four hours of training in functional assessment;

(2) have received 20 hours of instruction in the understanding of the function of behavior;

(3) have received ten hours of instruction on design of positive practices behavioral support strategies;

(4) be determined by a behavior professional to have the training and prerequisite skills required to provide positive practices strategies as well as behavior reduction approved intervention to the person who receives behavioral support; and

(5) be under the direct supervision of a behavior professional.

Subd. 5. **Specialist services qualifications.** An individual providing specialist services, as defined in the developmental disabilities waiver plan or successor plan, must have:

(1) the specific experience and skills required of the specialist to meet the needs of the person identified by the person's service planning team; and

(2) the qualifications of the specialist identified in the person's coordinated service and support plan.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 29. **[245D.095] RECORD REQUIREMENTS.**

Subdivision 1. **Record-keeping systems.** The license holder must ensure that the content and format of service recipient, personnel, and program records are uniform and legible according to the requirements of this chapter.

Subd. 2. **Admission and discharge register.** The license holder must keep a written or electronic register, listing in chronological order the dates and names of all persons served by the program who have been admitted, discharged, or transferred, including service terminations initiated by the license holder and deaths.

Subd. 3. **Service recipient record.** (a) The license holder must maintain a record of current services provided to each person on the premises where the services are provided or coordinated. When the services are provided in a licensed facility, the records must be maintained at the facility, otherwise the records must be maintained at the license holder's program office. The license holder must protect service recipient records against loss, tampering, or unauthorized disclosure according to the requirements in sections 13.01 to 13.10 and 13.46.

(b) The license holder must maintain the following information for each person:

(1) an admission form signed by the person or the person's legal representative that includes:

(i) identifying information, including the person's name, date of birth, address, and telephone number; and

(ii) the name, address, and telephone number of the person's legal representative, if any, and a primary emergency contact, the case manager, and family members or others as identified by the person or case manager;

(2) service information, including service initiation information, verification of the person's eligibility for services, documentation verifying that services have been provided as identified in the coordinated service and support plan or coordinated service and support plan addendum according to paragraph (a), and date of admission or readmission;

(3) health information, including medical history, special dietary needs, and allergies, and when the license holder is assigned responsibility for meeting the person's health service needs according to section 245D.05:

(i) current orders for medication, treatments, or medical equipment and a signed authorization from the person or the person's legal representative to administer or assist in administering the medication or treatments, if applicable;

(ii) a signed statement authorizing the license holder to act in a medical emergency when the person's legal representative, if any, cannot be reached or is delayed in arriving;

(iii) medication administration procedures;

(iv) a medication administration record documenting the implementation of the medication administration procedures, the medication administration record reviews, and including any agreements for administration of injectable medications by the license holder according to the requirements in section 245D.05; and

(v) a medical appointment schedule when the license holder is assigned responsibility for assisting with medical appointments;

(4) the person's current coordinated service and support plan or that portion of the plan assigned to the license holder;

(5) copies of the individual abuse prevention plan and assessments as required under section 245D.071, subdivisions 2 and 3;

(6) a record of other service providers serving the person when the person's coordinated service and support plan or coordinated service and support plan addendum identifies the need for coordination between the service providers, that includes a contact person and telephone numbers, services being provided, and names of staff responsible for coordination;

(7) documentation of orientation to service recipient rights according to section 245D.04, subdivision 1, and maltreatment reporting policies and procedures according to section 245A.65, subdivision 1, paragraph (c);

(8) copies of authorizations to handle a person's funds, according to section 245D.06, subdivision 4, paragraph (a);

(9) documentation of complaints received and grievance resolution;

(10) incident reports involving the person, required under section 245D.06, subdivision 1;

(11) copies of written reports regarding the person's status when requested according to section 245D.07, subdivision 3, progress review reports as required under section 245D.071, subdivision 5, progress or daily log notes that are recorded by the program, and reports received from other agencies involved in providing services or care to the person; and

(12) discharge summary, including service termination notice and related documentation, when applicable.

Subd. 4. **Access to service recipient records.** The license holder must ensure that the following people have access to the information in subdivision 1 in accordance with applicable state and federal law, regulation, or rule:

(1) the person, the person's legal representative, and anyone properly authorized by the person;

(2) the person's case manager;

(3) staff providing services to the person unless the information is not relevant to carrying out the coordinated service and support plan or coordinated service and support plan addendum; and

(4) the county child or adult foster care licensor, when services are also licensed as child or adult foster care.

Subd. 5. **Personnel records.** (a) The license holder must maintain a personnel record of each employee to document and verify staff qualifications, orientation, and training. The personnel record must include:

(1) the employee's date of hire, completed application, an acknowledgement signed by the employee that job duties were reviewed with the employee and the employee understands those duties, and documentation that the employee meets the position requirements as determined by the license holder;

(2) documentation of staff qualifications, orientation, training, and performance evaluations as required under section 245D.09, subdivisions 3 to 5, including the date the training was completed, the number of hours per subject area, and the name of the trainer or instructor; and

(3) a completed background study as required under chapter 245C.

(b) For employees hired after January 1, 2014, the license holder must maintain documentation in the personnel record or elsewhere, sufficient to determine the date of the employee's first supervised direct contact with a person served by the program, and the date of first unsupervised direct contact with a person served by the program.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 30. Minnesota Statutes 2012, section 245D.10, is amended to read:

245D.10 POLICIES AND PROCEDURES.

Subdivision 1. **Policy and procedure requirements.** ~~The~~ A license holder providing either basic or intensive supports and services must establish, enforce, and maintain policies and procedures as required in this chapter, chapter 245A, and other applicable state and federal laws and regulations governing the provision of home and community-based services licensed according to this chapter.

Subd. 2. **Grievances.** The license holder must establish policies and procedures that ~~provide~~ promote service recipient rights by providing a simple complaint process for persons served by the program and their authorized representatives to bring a grievance that:

(1) provides staff assistance with the complaint process when requested, and the addresses and telephone numbers of outside agencies to assist the person;

(2) allows the person to bring the complaint to the highest level of authority in the program if the grievance cannot be resolved by other staff members, and that provides the name, address, and telephone number of that person;

(3) requires the license holder to promptly respond to all complaints affecting a person's health and safety. For all other complaints, the license holder must provide an initial response within 14 calendar days of receipt of the complaint. All complaints must be resolved within 30 calendar days of receipt or the license holder must document the reason for the delay and a plan for resolution;

(4) requires a complaint review that includes an evaluation of whether:

(i) related policies and procedures were followed and adequate;

(ii) there is a need for additional staff training;

(iii) the complaint is similar to past complaints with the persons, staff, or services involved; and

(iv) there is a need for corrective action by the license holder to protect the health and safety of persons receiving services;

(5) based on the review in clause (4), requires the license holder to develop, document, and implement a corrective action plan designed to correct current lapses and prevent future lapses in performance by staff or the license holder, if any;

(6) provides a written summary of the complaint and a notice of the complaint resolution to the person and case manager that:

(i) identifies the nature of the complaint and the date it was received;

(ii) includes the results of the complaint review;

(iii) identifies the complaint resolution, including any corrective action; and

(7) requires that the complaint summary and resolution notice be maintained in the service recipient record.

Subd. 3. **Service suspension and service termination.** (a) The license holder must establish policies and procedures for temporary service suspension and service termination that promote continuity of care and service coordination with the person and the case manager and with other licensed caregivers, if any, who also provide support to the person.

(b) The policy must include the following requirements:

(1) the license holder must notify the person or the person's legal representative and case manager in writing of the intended termination or temporary service suspension, and the person's right to seek a temporary order staying the termination of service according to the procedures in section 256.045, subdivision 4a, or 6, paragraph (c);

(2) notice of the proposed termination of services, including those situations that began with a temporary service suspension, must be given at least 60 days before the proposed termination is to become effective when a license holder is providing ~~independent living skills training, structured day, prevocational or supported employment services to the person~~ intensive supports and services identified in section 245D.03, subdivision 1, paragraph (c), and 30 days prior to termination for all other services licensed under this chapter;

(3) the license holder must provide information requested by the person or case manager when services are temporarily suspended or upon notice of termination;

(4) prior to giving notice of service termination or temporary service suspension, the license holder must document actions taken to minimize or eliminate the need for service suspension or termination;

(5) during the temporary service suspension or service termination notice period, the license holder will work with the appropriate county agency to develop reasonable alternatives to protect the person and others;

(6) the license holder must maintain information about the service suspension or termination, including the written termination notice, in the service recipient record; and

(7) the license holder must restrict temporary service suspension to situations in which the person's ~~behavior causes immediate and serious danger to the health and safety of the person or others~~ conduct poses an imminent risk of physical harm to self or others and less restrictive or positive support strategies would not achieve safety.

Subd. 4. **Availability of current written policies and procedures.** (a) The license holder must review and update, as needed, the written policies and procedures required under this chapter.

(b) (1) The license holder must inform the person and case manager of the policies and procedures affecting a person's rights under section 245D.04, and provide copies of those policies and procedures, within five working days of service initiation.

(2) If a license holder only provides basic services and supports, this includes the:

(i) grievance policy and procedure required under subdivision 2; and

(ii) service suspension and termination policy and procedure required under subdivision 3.

(3) For all other license holders this includes the:

(i) policies and procedures in clause (2);

(ii) emergency use of manual restraints policy and procedure required under subdivision 3a; and

(iii) data privacy requirements under section 245D.11, subdivision 3.

(c) The license holder must provide a written notice at least 30 days before implementing any ~~revised policies and procedures~~ procedural revisions to policies affecting a person's service-related or protection-related rights under section 245D.04 and maltreatment reporting policies and procedures. The notice must explain the revision that was made and include a copy of the revised policy and procedure. The license holder must document the ~~reason~~ reasonable cause for not providing the notice at least 30 days before implementing the revisions.

(d) Before implementing revisions to required policies and procedures, the license holder must inform all employees of the revisions and provide training on implementation of the revised policies and procedures.

(e) The license holder must annually notify all persons, or their legal representatives, and case managers of any procedural revisions to policies required under this chapter, other than those in paragraph (c). Upon request, the license holder must provide the person, or the person's legal representative, and case manager with copies of the revised policies and procedures.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 31. **[245D.11] POLICIES AND PROCEDURES; INTENSIVE SUPPORT SERVICES.**

Subdivision 1. **Policy and procedure requirements.** A license holder providing intensive support services as identified in section 245D.03, subdivision 1, paragraph (c), must establish, enforce, and maintain policies and procedures as required in this section.

Subd. 2. **Health and safety.** The license holder must establish policies and procedures that promote health and safety by ensuring:

(1) use of universal precautions and sanitary practices in compliance with section 245D.06, subdivision 2, clause (5);

(2) if the license holder operates a residential program, health service coordination and care according to the requirements in section 245D.05, subdivision 1;

(3) safe medication assistance and administration according to the requirements in sections 245D.05, subdivisions 1a, 2, and 5, and 245D.051, that are established in consultation with a registered nurse, nurse practitioner, physician's assistant, or medical doctor and require completion of medication administration training according to the requirements in section 245D.09, subdivision 4a, paragraph (c). Medication assistance and administration includes, but is not limited to:

(i) providing medication-related services for a person;

(ii) medication setup;

(iii) medication administration;

(iv) medication storage and security;

(v) medication documentation and charting;

(vi) verification and monitoring of effectiveness of systems to ensure safe medication handling and administration;

(vii) coordination of medication refills;

(viii) handling changes to prescriptions and implementation of those changes;

(ix) communicating with the pharmacy; and

(x) coordination and communication with prescriber;

(4) safe transportation, when the license holder is responsible for transportation of persons, with provisions for handling emergency situations according to the requirements in section 245D.06, subdivision 2, clauses (2) to (4);

(5) a plan for ensuring the safety of persons served by the program in emergencies as defined in section 245D.02, subdivision 8, and procedures for staff to report emergencies to the license holder. A license holder with a community residential setting or a day service facility license must ensure the policy and procedures comply with the requirements in section 245D.22, subdivision 4;

(6) a plan for responding to all incidents as defined in section 245D.02, subdivision 11; and reporting all incidents required to be reported according to section 245D.06, subdivision 1. The plan must:

(i) provide the contact information of a source of emergency medical care and transportation; and

(ii) require staff to first call 911 when the staff believes a medical emergency may be life threatening, or to call the mental health crisis intervention team when the person is experiencing a mental health crisis; and

(7) a procedure for the review of incidents and emergencies to identify trends or patterns, and corrective action if needed. The license holder must establish and maintain a record-keeping system for the incident and emergency reports. Each incident and emergency report file must contain a written summary of the incident. The license holder must conduct a review of incident reports for identification of incident patterns, and implementation of corrective action as necessary to reduce occurrences. Each incident report must include:

(i) the name of the person or persons involved in the incident. It is not necessary to identify all persons affected by or involved in an emergency unless the emergency resulted in an incident;

(ii) the date, time, and location of the incident or emergency;

(iii) a description of the incident or emergency;

(iv) a description of the response to the incident or emergency and whether a person's coordinated service and support plan addendum or program policies and procedures were implemented as applicable;

(v) the name of the staff person or persons who responded to the incident or emergency; and

(vi) the determination of whether corrective action is necessary based on the results of the review.

Subd. 3. **Data privacy.** The license holder must establish policies and procedures that promote service recipient rights by ensuring data privacy according to the requirements in:

(1) the Minnesota Government Data Practices Act, section 13.46, and all other applicable Minnesota laws and rules in handling all data related to the services provided; and

(2) the Health Insurance Portability and Accountability Act of 1996 (HIPAA), to the extent that the license holder performs a function or activity involving the use of protected health information as defined under Code of Federal Regulations, title 45, section 164.501, including, but not limited to, providing health care services; health care claims processing or administration; data analysis, processing, or administration; utilization review; quality assurance; billing; benefit management; practice management; repricing; or as otherwise provided by Code of Federal Regulations, title 45, section 160.103. The license holder must comply with the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations, Code of Federal Regulations, title 45, parts 160 to 164, and all applicable requirements.

Subd. 4. **Admission criteria.** The license holder must establish policies and procedures that promote continuity of care by ensuring that admission or service initiation criteria:

(1) is consistent with the license holder's registration information identified in the requirements in section 245D.031, subdivision 2, and with the service-related rights identified in section 245D.04, subdivisions 2, clauses (4) to (7), and 3, clause (8);

(2) identifies the criteria to be applied in determining whether the license holder can develop services to meet the needs specified in the person's coordinated service and support plan;

(3) requires a license holder providing services in a health care facility to comply with the requirements in section 243.166, subdivision 4b, to provide notification to residents when a registered predatory offender is admitted into the program or to a potential admission when the facility was already serving a registered predatory offender. For purposes of this clause, "health care facility" means a facility licensed by the commissioner as a residential facility under chapter 245A to provide adult foster care or residential services to persons with disabilities; and

(4) requires that when a person or the person's legal representative requests services from the license holder, a refusal to admit the person must be based on an evaluation of the person's assessed needs and the license holder's lack of capacity to meet the needs of the person. The license holder must not refuse to admit a person based solely on the type of residential services the person is receiving, or solely on the person's severity of disability, orthopedic or neurological handicaps, sight or hearing impairments, lack of communication skills, physical disabilities, toilet habits, behavioral disorders, or past failure to make progress. Documentation of the basis for refusal must be provided to the person or the person's legal representative and case manager upon request.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 32. **[245D.21] FACILITY LICENSURE REQUIREMENTS AND APPLICATION PROCESS.**

Subdivision 1. **Community residential settings and day service facilities.** For purposes of this section, "facility" means both a community residential setting and day service facility and the physical plant.

Subd. 2. **Inspections and code compliance.** (a) Physical plants must comply with applicable state and local fire, health, building, and zoning codes.

(b)(1) The facility must be inspected by a fire marshal or their delegate within 12 months before initial licensure to verify that it meets the applicable occupancy requirements as defined in the State Fire Code and that the facility complies with the fire safety standards for that occupancy code contained in the State Fire Code.

(2) The fire marshal inspection of a community residential setting must verify the residence is a dwelling unit within a residential occupancy as defined in section 9.117 of the State Fire Code. A home safety checklist, approved by the commissioner, must be completed for a community residential setting by the license holder and the commissioner before the satellite license is reissued.

(3) The facility shall be inspected according to the facility capacity specified on the initial application form.

(4) If the commissioner has reasonable cause to believe that a potentially hazardous condition may be present or the licensed capacity is increased, the commissioner shall request a subsequent inspection and written report by a fire marshal to verify the absence of hazard.

(5) Any condition cited by a fire marshal, building official, or health authority as hazardous or creating an immediate danger of fire or threat to health and safety must be corrected before a license is issued by the department, and for community residential settings, before a license is reissued.

(c) The facility must maintain in a permanent file the reports of health, fire, and other safety inspections.

(d) The facility's plumbing, ventilation, heating, cooling, lighting, and other fixtures and equipment, including elevators or food service, if provided, must conform to applicable health, sanitation, and safety codes and regulations.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 33. **[245D.22] FACILITY SANITATION AND HEALTH.**

Subdivision 1. **General maintenance.** The license holder must maintain the interior and exterior of buildings, structures, or enclosures used by the facility, including walls, floors, ceilings, registers, fixtures, equipment, and furnishings in good repair and in a sanitary and safe condition. The facility must be clean and free from accumulations of dirt, grease, garbage, peeling paint, mold, vermin, and insects. The license holder must correct building and equipment deterioration, safety hazards, and unsanitary conditions.

Subd. 2. **Hazards and toxic substances.** (a) The license holder must ensure that service sites owned or leased by the license holder are free from hazards that would threaten the health or safety of a person receiving services by ensuring the requirements in paragraphs (b) to (h) are met.

(b) Chemicals, detergents, and other hazardous or toxic substances must not be stored with food products or in any way that poses a hazard to persons receiving services.

(c) The license holder must install handrails and nonslip surfaces on interior and exterior runways, stairways, and ramps according to the applicable building code.

(d) If there are elevators in the facility, the license holder must have elevators inspected each year. The date of the inspection, any repairs needed, and the date the necessary repairs were made must be documented.

(e) The license holder must keep stairways, ramps, and corridors free of obstructions.

(f) Outside property must be free from debris and safety hazards. Exterior stairs and walkways must be kept free of ice and snow.

(g) Heating, ventilation, air conditioning units, and other hot surfaces and moving parts of machinery must be shielded or enclosed.

(h) Use of dangerous items or equipment by persons served by the program must be allowed in accordance with the person's coordinated service and support plan addendum or the program abuse prevention plan, if not addressed in the coordinated service and support plan addendum.

Subd. 3. **Storage and disposal of medication.** Schedule II controlled substances in the facility that are named in section 152.02, subdivision 3, must be stored in a locked storage area permitting access only by persons and staff authorized to administer the medication. This must be incorporated into the license holder's medication administration policy and procedures required under section 245D.11, subdivision 2, clause (3). Medications must be disposed of according to the Environmental Protection Agency recommendations.

Subd. 4. **First aid must be available on site.** (a) A staff person trained in first aid must be available on site and, when required in a person's coordinated service and support plan or coordinated service and support plan addendum, cardiopulmonary resuscitation, whenever persons are present and staff are required to be at the site to provide direct service. The training must include in-person instruction, hands-on practice, and an observed skills assessment under the direct supervision of a first aid instructor.

(b) A facility must have first aid kits readily available for use by, and that meets the needs of, persons receiving services and staff. At a minimum, the first aid kit must be equipped with accessible first aid supplies including bandages, sterile compresses, scissors, an ice bag or cold pack, an oral or surface thermometer, mild liquid soap, adhesive tape, and first aid manual.

Subd. 5. **Emergencies.** (a) The license holder must have a written plan for responding to emergencies as defined in section 245D.02, subdivision 8, to ensure the safety of persons served in the facility. The plan must include:

(1) procedures for emergency evacuation and emergency sheltering, including:

(i) how to report a fire or other emergency;

(ii) procedures to notify, relocate, and evacuate occupants, including use of adaptive procedures or equipment to assist with the safe evacuation of persons with physical or sensory disabilities; and

(iii) instructions on closing off the fire area, using fire extinguishers, and activating and responding to alarm systems;

(2) a floor plan that identifies:

(i) the location of fire extinguishers;

(ii) the location of audible or visual alarm systems, including but not limited to manual fire alarm boxes, smoke detectors, fire alarm enunciators and controls, and sprinkler systems;

(iii) the location of exits, primary and secondary evacuation routes, and accessible egress routes, if any; and

(iv) the location of emergency shelter within the facility;

(3) a site plan that identifies:

(i) designated assembly points outside the facility;

(ii) the locations of fire hydrants; and

(iii) the routes of fire department access;

(4) the responsibilities each staff person must assume in case of emergency;

(5) procedures for conducting quarterly drills each year and recording the date of each drill in the file of emergency plans;

(6) procedures for relocation or service suspension when services are interrupted for more than 24 hours;

(7) for a community residential setting with three or more dwelling units, a floor plan that identifies the location of enclosed exit stairs; and

(8) an emergency escape plan for each resident.

(b) The license holder must:

(1) maintain a log of quarterly fire drills on file in the facility;

(2) provide an emergency response plan that is readily available to staff and persons receiving services;

(3) inform each person of a designated area within the facility where the person should go to for emergency shelter during severe weather and the designated assembly points outside the facility; and

(4) maintain emergency contact information for persons served at the facility that can be readily accessed in an emergency.

Subd. 6. **Emergency equipment.** The facility must have a flashlight and a portable radio or television set that do not require electricity and can be used if a power failure occurs.

Subd. 7. **Telephone and posted numbers.** A facility must have a non-coin operated telephone that is readily accessible. A list of emergency numbers must be posted in a prominent location. When an area has a 911 number or a mental health crisis intervention team number, both numbers must be posted and the emergency number listed

must be 911. In areas of the state without a 911 number, the numbers listed must be those of the local fire department, police department, emergency transportation, and poison control center. The names and telephone numbers of each person's representative, physician, and dentist must be readily available.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 34. **[245D.23] COMMUNITY RESIDENTIAL SETTINGS; SATELLITE LICENSURE REQUIREMENTS AND APPLICATION PROCESS.**

Subdivision 1. **Separate satellite license required for separate sites.** (a) A license holder providing residential support services must obtain a separate satellite license for each community residential setting located at separate addresses when the community residential settings are to be operated by the same license holder. For purposes of this chapter, a community residential setting is a satellite of the home and community-based services license.

(b) Community residential settings are permitted single-family use homes. After a license has been issued, the commissioner shall notify the local municipality where the residence is located of the approved license.

Subd. 2. **Notification to local agency.** The license holder must notify the local agency within 24 hours of the onset of changes in a residence resulting from construction, remodeling, or damages requiring repairs that require a building permit or may affect a licensing requirement in this chapter.

Subd. 3. **Alternate overnight supervision.** A license holder granted an alternate overnight supervision technology adult foster care license according to section 245A.11, subdivision 7a, that converts to a community residential setting satellite license according to this chapter must retain that designation.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 35. **[245D.24] COMMUNITY RESIDENTIAL SETTINGS; PHYSICAL PLANT AND ENVIRONMENT.**

Subdivision 1. **Occupancy.** The residence must meet the definition of a dwelling unit in a residential occupancy.

Subd. 2. **Common area requirements.** The living area must be provided with an adequate number of furnishings for the usual functions of daily living and social activities. The dining area must be furnished to accommodate meals shared by all persons living in the residence. These furnishings must be in good repair and functional to meet the daily needs of the persons living in the residence.

Subd. 3. **Bedrooms.** (a) People receiving services must mutually consent, in writing, to sharing a bedroom with one another. No more than two people receiving services may share one bedroom.

(b) A single occupancy bedroom must have at least 80 square feet of floor space with a 7-1/2 foot ceiling. A double occupancy room must have at least 120 square feet of floor space with a 7-1/2 foot ceiling. Bedrooms must be separated from halls, corridors, and other habitable rooms by floor to ceiling walls containing no openings except doorways and must not serve as a corridor to another room used in daily living.

(c) A person's personal possessions and items for the person's own use are the only items permitted to be stored in a person's bedroom.

(d) Unless otherwise documented through assessment as a safety concern for the person, each person must be provided with the following furnishings:

(1) a separate bed of proper size and height for the convenience and comfort of the person, with a clean mattress in good repair;

(2) clean bedding appropriate for the season for each person;

(3) an individual cabinet, or dresser, shelves, and a closet, for storage of personal possessions and clothing; and

(4) a mirror for grooming.

(e) When possible, a person must be allowed to have items of furniture that the person personally owns in the bedroom, unless doing so would interfere with safety precautions, violate a building or fire code, or interfere with another person's use of the bedroom. A person may choose to not have a cabinet, dresser, shelves, or a mirror in the bedroom, as otherwise required under paragraph (d), clause (3) or (4). A person may choose to use a mattress other than an innerspring mattress and may choose to not have the mattress on a mattress frame or support. If a person chooses not to have a piece of required furniture, the license holder must document this choice and is not required to provide the item. If a person chooses to use a mattress other than an innerspring mattress or chooses to not have a mattress frame or support, the license holder must document this choice and allow the alternative desired by the person.

(f) A person must be allowed to bring personal possessions into the bedroom and other designated storage space, if such space is available, in the residence. The person must be allowed to accumulate possessions to the extent the residence is able to accommodate them, unless doing so is contraindicated for the person's physical or mental health, would interfere with safety precautions or another person's use of the bedroom, or would violate a building or fire code. The license holder must allow for locked storage of personal items. Any restriction on the possession or locked storage of personal items, including requiring a person to use a lock provided by the license holder, must comply with section 245D.04, subdivision 3, paragraph (c), and allow the person to be present if and when the license holder opens the lock.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 36. **[245D.25] COMMUNITY RESIDENTIAL SETTINGS; FOOD AND WATER.**

Subdivision 1. **Water.** Potable water from privately owned wells must be tested annually by a Department of Health-certified laboratory for coliform bacteria and nitrate nitrogens to verify safety. The health authority may require retesting and corrective measures if results exceed state water standards in Minnesota Rules, chapter 4720, or in the event of a flooding or incident which may put the well at risk of contamination. To prevent scalding, the water temperature of faucets must not exceed 120 degrees Fahrenheit.

Subd. 2. **Food.** Food served must meet any special dietary needs of a person as prescribed by the person's physician or dietitian. Three nutritionally balanced meals a day must be served or made available to persons, and nutritious snacks must be available between meals.

Subd. 3. **Food safety.** Food must be obtained, handled, and properly stored to prevent contamination, spoilage, or a threat to the health of a person.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 37. **[245D.26] COMMUNITY RESIDENTIAL SETTINGS; SANITATION AND HEALTH.**

Subdivision 1. **Goods provided by the license holder.** Individual clean bed linens appropriate for the season and the person's comfort, including towels and wash cloths, must be available for each person. Usual or customary goods for the operation of a residence which are communally used by all persons receiving services living in the residence must be provided by the license holder, including household items for meal preparation, cleaning supplies to maintain the cleanliness of the residence, window coverings on windows for privacy, toilet paper, and hand soap.

Subd. 2. **Personal items.** Personal health and hygiene items must be stored in a safe and sanitary manner.

Subd. 3. **Pets and service animals.** Pets and service animals housed within the residence must be immunized and maintained in good health as required by local ordinances and state law. The license holder must ensure that the person and the person's representative is notified before admission of the presence of pets in the residence.

Subd. 4. **Smoking in the residence.** License holders must comply with the requirements of the Minnesota Clean Indoor Air Act, sections 144.411 to 144.417, when smoking is permitted in the residence.

Subd. 5. **Weapons.** Weapons and ammunition must be stored separately in locked areas that are inaccessible to a person receiving services. For purposes of this subdivision, "weapons" means firearms and other instruments or devices designed for and capable of producing bodily harm.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 38. **[245D.27] DAY SERVICES FACILITIES; SATELLITE LICENSURE REQUIREMENTS AND APPLICATION PROCESS.**

Except for day service facilities on the same or adjoining lot, the license holder providing day services must apply for a separate license for each facility-based service site when the license holder is the owner, lessor, or tenant of the service site at which persons receive day services and the license holder's employees who provide day services are present for a cumulative total of more than 30 days within any 12-month period. For purposes of this chapter, a day services facility license is a satellite license of the day services program. A day services program may operate multiple licensed day service facilities in one or more counties in the state. For the purposes of this section, "adjoining lot" means day services facilities that are next door to or across the street from one another.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 39. **[245D.28] DAY SERVICES FACILITIES; PHYSICAL PLANT AND SPACE REQUIREMENTS.**

Subdivision 1. **Facility capacity and useable space requirements.** (a) The facility capacity of each day service facility must be determined by the amount of primary space available, the scheduling of activities at other service sites, and the space requirements of all persons receiving services at the facility, not just the licensed services. The facility capacity must specify the maximum number of persons that may receive services on site at any one time.

(b) When a facility is located in a multifunctional organization, the facility may share common space with the multifunctional organization if the required available primary space for use by persons receiving day services is maintained while the facility is operating. The license holder must comply at all times with all applicable fire and safety codes under section 245A.04, subdivision 2a, and adequate supervision requirements under section 245D.31 for all persons receiving day services.

(c) A day services facility must have a minimum of 40 square feet of primary space available for each consumer who is present at the site at any one time. Primary space does not include:

(1) common areas, such as hallways, stairways, closets, utility areas, bathrooms, and kitchens;

(2) floor areas beneath stationary equipment; or

(3) any space occupied by persons associated with the multifunctional organization while persons receiving day services are using common space.

Subd. 2. **Individual personal articles.** Each person must be provided space in a closet, cabinet, on a shelf, or a coat hook for storage of personal items for the person's own use while receiving services at the facility, unless doing so would interfere with safety precautions, another person's work space, or violate a building or fire code.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 40. **[245D.29] DAY SERVICES FACILITIES; HEALTH AND SAFETY REQUIREMENTS.**

Subdivision 1. **Refrigeration.** If the license holder provides refrigeration at service sites owned or leased by the license holder for storing perishable foods and perishable portions of bag lunches, whether the foods are supplied by the license holder or the persons receiving services, the refrigeration must have a temperature of 40 degrees Fahrenheit or less.

Subd. 2. **Drinking water.** Drinking water must be available to all persons receiving services. If a person is unable to request or obtain drinking water, it must be provided according to that person's individual needs. Drinking water must be provided in single-service containers or from drinking fountains accessible to all persons.

Subd. 3. **Individuals who become ill during the day.** There must be an area in which a person receiving services can rest if:

(1) the person becomes ill during the day;

(2) the person does not live in a licensed residential site;

(3) the person requires supervision; and

(4) there is not a caretaker immediately available. Supervision must be provided until the caretaker arrives to bring the person home.

Subd. 4. **Safety procedures.** The license holder must establish general written safety procedures that include criteria for selecting, training, and supervising persons who work with hazardous machinery, tools, or substances. Safety procedures specific to each person's activities must be explained and be available in writing to all staff members and persons receiving services.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 41. **[245D.31] DAY SERVICES FACILITIES; STAFF RATIO AND FACILITY COVERAGE.**

Subdivision 1. **Scope.** This section applies only to facility-based day services.

Subd. 2. **Factors.** (a) The number of direct support service staff members that a license holder must have on duty at the facility at a given time to meet the minimum staffing requirements established in this section varies according to:

(1) the number of persons who are enrolled and receiving direct support services at that given time;

(2) the staff ratio requirement established under subdivision 3 for each person who is present; and

(3) whether the conditions described in subdivision 8 exist and warrant additional staffing beyond the number determined to be needed under subdivision 7.

(b) The commissioner must consider the factors in paragraph (a) in determining a license holder's compliance with the staffing requirements and must further consider whether the staff ratio requirement established under subdivision 3 for each person receiving services accurately reflects the person's need for staff time.

Subd. 3. **Staff ratio requirement for each person receiving services.** The case manager, in consultation with the interdisciplinary team, must determine at least once each year which of the ratios in subdivisions 4, 5, and 6 is appropriate for each person receiving services on the basis of the characteristics described in subdivisions 4, 5, and 6. The ratio assigned each person and the documentation of how the ratio was arrived at must be kept in each person's individual service plan. Documentation must include an assessment of the person with respect to the characteristics in subdivisions 4, 5, and 6 recorded on a standard assessment form required by the commissioner.

Subd. 4. **Person requiring staff ratio of one to four.** A person must be assigned a staff ratio requirement of one to four if:

(1) on a daily basis the person requires total care and monitoring or constant hand-over-hand physical guidance to successfully complete at least three of the following activities: toileting, communicating basic needs, eating, ambulating; or is not capable of taking appropriate action for self-preservation under emergency conditions; or

(2) the person engages in conduct that poses an imminent risk of physical harm to self or others at a documented level of frequency, intensity, or duration requiring frequent daily ongoing intervention and monitoring as established in the person's coordinated service and support plan or coordinated service and support plan addendum.

Subd. 5. **Person requiring staff ratio of one to eight.** A person must be assigned a staff ratio requirement of one to eight if:

(1) the person does not meet the requirements in subdivision 4; and

(2) on a daily basis the person requires verbal prompts or spot checks and minimal or no physical assistance to successfully complete at least four of the following activities: toileting, communicating basic needs, eating, ambulating, or taking appropriate action for self-preservation under emergency conditions.

Subd. 6. **Person requiring staff ratio of one to six.** A person who does not have any of the characteristics described in subdivision 4 or 5 must be assigned a staff ratio requirement of one to six.

Subd. 7. **Determining number of direct support service staff required.** The minimum number of direct support service staff members required at any one time to meet the combined staff ratio requirements of the persons present at that time can be determined by the following steps:

(1) assign each person in attendance the three-digit decimal below that corresponds to the staff ratio requirement assigned to that person. A staff ratio requirement of one to four equals 0.250. A staff ratio requirement of one to eight equals 0.125. A staff ratio requirement of one to six equals 0.166. A staff ratio requirement of one to ten equals 0.100;

(2) add all of the three-digit decimals (one three-digit decimal for every person in attendance) assigned in clause (1);

(3) when the sum in clause (2) falls between two whole numbers, round off the sum to the larger of the two whole numbers; and

(4) the larger of the two whole numbers in clause (3) equals the number of direct support service staff members needed to meet the staff ratio requirements of the persons in attendance.

Subd. 8. **Staff to be included in calculating minimum staffing requirement.** Only staff providing direct support must be counted as staff members in calculating the staff-to-participant ratio. A volunteer may be counted as a staff providing direct support in calculating the staff-to-participant ratio if the volunteer meets the same standards and requirements as paid staff. No person receiving services must be counted as or be substituted for a staff member in calculating the staff-to-participant ratio.

Subd. 9. **Conditions requiring additional direct support staff.** The license holder must increase the number of direct support staff members present at any one time beyond the number arrived at in subdivision 4 if necessary when any one or combination of the following circumstances can be documented by the commissioner as existing:

(1) the health and safety needs of the persons receiving services cannot be met by the number of staff members available under the staffing pattern in effect even though the number has been accurately calculated under subdivision 7; or

(2) the person's conduct frequently presents an imminent risk of physical harm to self or others.

Subd. 10. **Supervision requirements.** (a) At no time must one direct support staff member be assigned responsibility for supervision and training of more than ten persons receiving supervision and training, except as otherwise stated in each person's risk management plan.

(b) In the temporary absence of the director or a supervisor, a direct support staff member must be designated to supervise the center.

Subd. 11. **Multifunctional programs.** A multifunctional program may count other employees of the organization besides direct support staff of the day service facility in calculating the staff to participant ratio if the employee is assigned to the day services facility for a specified amount of time, during which the employee is not assigned to another organization or program.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 42. **[245D.32] ALTERNATIVE LICENSING INSPECTIONS.**

Subdivision 1. **Eligibility for an alternative licensing inspection.** (a) A license holder providing services licensed under this chapter, with a qualifying accreditation and meeting the eligibility criteria in paragraphs (b) and (c) may request approval for an alternative licensing inspection when all services provided under the license holder's license are accredited. A license holder with a qualifying accreditation and meeting the eligibility criteria in paragraphs (b) and (c) may request approval for an alternative licensing inspection for individual community residential settings or day services facilities licensed under this chapter.

(b) In order to be eligible for an alternative licensing inspection, the program must have had at least one inspection by the commissioner following issuance of the initial license. For programs operating a day services facility, each facility must have had at least one on-site inspection by the commissioner following issuance of the initial license.

(c) In order to be eligible for an alternative licensing inspection, the program must have been in "substantial and consistent compliance" at the time of the last licensing inspection and during the current licensing period. For purposes of this section, substantial and consistent compliance means:

(1) the license holder's license was not made conditional, suspended, or revoked;

(2) there have been no substantiated allegations of maltreatment against the license holder;

(3) there were no program deficiencies identified that would jeopardize the health, safety, or rights of persons being served; and

(4) the license holder maintained substantial compliance with the other requirements of chapters 245A and 245C and other applicable laws and rules.

(d) For the purposes of this section, the license holder's license includes services licensed under this chapter that were previously licensed under chapter 245B until December 31, 2013.

Subd. 2. **Qualifying accreditation.** The commissioner must accept a three-year accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF) as a qualifying accreditation.

Subd. 3. **Request for approval of an alternative inspection status.** (a) A request for an alternative inspection must be made on the forms and in the manner prescribed by the commissioner. When submitting the request, the license holder must submit all documentation issued by the accrediting body verifying that the license holder has obtained and maintained the qualifying accreditation and has complied with recommendations or requirements from the accrediting body during the period of accreditation. Based on the request and the additional required materials, the commissioner may approve an alternative inspection status.

(b) The commissioner must notify the license holder in writing that the request for an alternative inspection status has been approved. Approval must be granted until the end of the qualifying accreditation period.

(c) The license holder must submit a written request for approval to be renewed one month before the end of the current approval period according to the requirements in paragraph (a). If the license holder does not submit a request to renew approval as required, the commissioner must conduct a licensing inspection.

Subd. 4. **Programs approved for alternative licensing inspection; deemed compliance licensing requirements.** (a) A license holder approved for alternative licensing inspection under this section is required to maintain compliance with all licensing standards according to this chapter.

(b) A license holder approved for alternative licensing inspection under this section must be deemed to be in compliance with all the requirements of this chapter, and the commissioner must not perform routine licensing inspections.

(c) Upon receipt of a complaint regarding the services of a license holder approved for alternative licensing inspection under this section, the commissioner must investigate the complaint and may take any action as provided under section 245A.06 or 245A.07.

Subd. 5. **Investigations of alleged or suspected maltreatment.** Nothing in this section changes the commissioner's responsibilities to investigate alleged or suspected maltreatment of a minor under section 626.556 or a vulnerable adult under section 626.557.

Subd. 6. **Termination or denial of subsequent approval.** Following approval of an alternative licensing inspection, the commissioner may terminate or deny subsequent approval of an alternative licensing inspection if the commissioner determines that:

(1) the license holder has not maintained the qualifying accreditation;

(2) the commissioner has substantiated maltreatment for which the license holder or facility is determined to be responsible during the qualifying accreditation period; or

(3) during the qualifying accreditation period, the license holder has been issued an order for conditional license, fine, suspension, or license revocation that has not been reversed upon appeal.

Subd. 7. **Appeals.** The commissioner's decision that the conditions for approval for an alternative licensing inspection have not been met is final and not subject to appeal under the provisions of chapter 14.

Subd. 8. **Commissioner's programs.** Home and community-based services licensed under this chapter for which the commissioner is the license holder with a qualifying accreditation are excluded from being approved for an alternative licensing inspection.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 43. **[245D.33] ADULT MENTAL HEALTH CERTIFICATION STANDARDS.**

(a) The commissioner of human services shall issue a mental health certification for services licensed under this chapter, when a license holder is determined to have met the requirements under paragraph (b). This certification is voluntary for license holders. The certification shall be printed on the license and identified on the commissioner's public Web site.

(b) The requirements for certification are:

(1) all staff have received at least seven hours of annual training covering all of the following topics:

(i) mental health diagnoses;

(ii) mental health crisis response and de-escalation techniques;

(iii) recovery from mental illness;

(iv) treatment options, including evidence-based practices;

(v) medications and their side effects;

(vi) co-occurring substance abuse and health conditions; and

(vii) community resources;

(2) a mental health professional, as defined in section 245.462, subdivision 18, or a mental health practitioner as defined in section 245.462, subdivision 17, is available for consultation and assistance;

(3) there is a plan and protocol in place to address a mental health crisis; and

(4) each person's individual service and support plan identifies who is providing clinical services and their contact information, and includes an individual crisis prevention and management plan developed with the person.

(c) License holders seeking certification under this section must request this certification on forms and in the manner prescribed by the commissioner.

(d) If the commissioner finds that the license holder has failed to comply with the certification requirements under paragraph (b), the commissioner may issue a correction order and an order of conditional license in accordance with section 245A.06 or may issue a sanction in accordance with section 245A.07, including and up to removal of the certification.

(e) A denial of the certification or the removal of the certification based on a determination that the requirements under paragraph (b) have not been met is not subject to appeal. A license holder that has been denied a certification or that has had a certification removed may again request certification when the license holder is in compliance with the requirements of paragraph (b).

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 44. Minnesota Statutes 2012, section 256B.092, subdivision 11, is amended to read:

Subd. 11. **Residential support services.** (a) Upon federal approval, there is established a new service called residential support that is available on the community alternative care, community alternatives for disabled individuals, developmental disabilities, and brain injury waivers. Existing waiver service descriptions must be modified to the extent necessary to ensure there is no duplication between other services. Residential support services must be provided by vendors licensed as a community residential setting as defined in section 245A.11, subdivision 8, a foster care setting licensed under Minnesota Rules, parts 2960.3000 to 2960.3340, or an adult foster care setting licensed under Minnesota Rules, parts 9555.5105 to 9555.6265.

(b) Residential support services must meet the following criteria:

~~(1) providers of residential support services must own or control the residential site;~~

~~(2) the residential site must not be the primary residence of the license holder;~~

~~(3)~~ (1) the residential site must have a designated ~~program supervisor~~ person responsible for program management, oversight, development, and implementation of policies and procedures;

~~(4)~~ (2) the provider of residential support services must provide supervision, training, and assistance as described in the person's coordinated service and support plan; and

~~(5)~~ (3) the provider of residential support services must meet the requirements of licensure and additional requirements of the person's coordinated service and support plan.

(c) Providers of residential support services that meet the definition in paragraph (a) ~~must be registered using a process determined by the commissioner beginning July 1, 2009~~ must be licensed according to chapter 245D. Providers licensed to provide child foster care under Minnesota Rules, parts 2960.3000 to 2960.3340, or adult foster care licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, and that meet the requirements in section 245A.03, subdivision 7, paragraph (g), are considered registered under this section.

Sec. 45. Minnesota Statutes 2012, section 256B.4912, subdivision 1, is amended to read:

Subdivision 1. **Provider qualifications.** (a) For the home and community-based waivers providing services to seniors and individuals with disabilities under sections 256B.0913, 256B.0915, 256B.092, and 256B.49, the commissioner shall establish:

(1) agreements with enrolled waiver service providers to ensure providers meet Minnesota health care program requirements;

(2) regular reviews of provider qualifications, and including requests of proof of documentation; and

(3) processes to gather the necessary information to determine provider qualifications.

(b) Beginning July 1, 2012, staff that provide direct contact, as defined in section 245C.02, subdivision 11, for services specified in the federally approved waiver plans must meet the requirements of chapter 245C prior to providing waiver services and as part of ongoing enrollment. Upon federal approval, this requirement must also apply to consumer-directed community supports.

(c) Beginning January 1, 2014, service owners and managerial officials overseeing the management or policies of services that provide direct contact as specified in the federally approved waiver plans must meet the requirements of chapter 245C prior to reenrollment or, for new providers, prior to initial enrollment if they have not already done so as a part of service licensure requirements.

Sec. 46. Minnesota Statutes 2012, section 256B.4912, subdivision 7, is amended to read:

Subd. 7. **Applicant and license holder training.** An applicant or license holder for the home and community-based waivers providing services to seniors and individuals with disabilities under sections 256B.0913, 256B.0915, 256B.092, and 256B.49 that is not enrolled as a Minnesota health care program home and community-based services waiver provider at the time of application must ensure that at least one controlling individual completes a onetime training on the requirements for providing home and community-based services ~~from a qualified source~~ as determined by the commissioner, before a provider is enrolled or license is issued. Within six months of enrollment, a newly enrolled home and community-based waiver service provider must ensure that at least one controlling individual has completed training on waiver and related program billing.

Sec. 47. Minnesota Statutes 2012, section 256B.4912, is amended by adding a subdivision to read:

Subd. 8. **Data on use of emergency use of manual restraint.** Beginning July 1, 2013, facilities and services to be licensed under chapter 245D shall submit data regarding the use of emergency use of manual restraint as identified in section 245D.061 in a format and at a frequency identified by the commissioner.

Sec. 48. Minnesota Statutes 2012, section 256B.4912, is amended by adding a subdivision to read:

Subd. 9. **Definitions.** (a) For the purposes of this section the following terms have the meanings given them.

(b) "Controlling individual" means a public body, governmental agency, business entity, officer, owner, or managerial official whose responsibilities include the direction of the management or policies of a program.

(c) "Managerial official" means an individual who has decision-making authority related to the operation of the program and responsibility for the ongoing management of or direction of the policies, services, or employees of the program.

(d) "Owner" means an individual who has direct or indirect ownership interest in a corporation or partnership, or business association enrolling with the Department of Human Services as a provider of waiver services.

Sec. 49. Minnesota Statutes 2012, section 256B.4912, is amended by adding a subdivision to read:

Subd. 10. **Enrollment requirements.** All home and community-based waiver providers must provide, at the time of enrollment and within 30 days of a request, in a format determined by the commissioner, information and documentation that includes, but is not limited to, the following:

(1) proof of surety bond coverage in the amount of $50,000 or ten percent of the provider's payments from Medicaid in the previous calendar year, whichever is greater;

(2) proof of fidelity bond coverage in the amount of $20,000; and

(3) proof of liability insurance.

Sec. 50. Minnesota Statutes 2012, section 626.557, subdivision 9a, is amended to read:

Subd. 9a. **Evaluation and referral of reports made to common entry point unit.** The common entry point must screen the reports of alleged or suspected maltreatment for immediate risk and make all necessary referrals as follows:

(1) if the common entry point determines that there is an immediate need for adult protective services, the common entry point agency shall immediately notify the appropriate county agency;

(2) if the report contains suspected criminal activity against a vulnerable adult, the common entry point shall immediately notify the appropriate law enforcement agency;

(3) the common entry point shall refer all reports of alleged or suspected maltreatment to the appropriate lead investigative agency as soon as possible, but in any event no longer than two working days; and

~~(4) if the report involves services licensed by the Department of Human Services and subject to chapter 245D, the common entry point shall refer the report to the county as the lead agency according to clause (3), but shall also notify the Department of Human Services of the report; and~~

~~(5)~~ (4) if the report contains information about a suspicious death, the common entry point shall immediately notify the appropriate law enforcement agencies, the local medical examiner, and the ombudsman for mental health and developmental disabilities established under section 245.92. Law enforcement agencies shall coordinate with the local medical examiner and the ombudsman as provided by law.

Sec. 51. Minnesota Statutes 2012, section 626.5572, subdivision 13, is amended to read:

Subd. 13. **Lead investigative agency.** "Lead investigative agency" is the primary administrative agency responsible for investigating reports made under section 626.557.

(a) The Department of Health is the lead investigative agency for facilities or services licensed or required to be licensed as hospitals, home care providers, nursing homes, boarding care homes, hospice providers, residential facilities that are also federally certified as intermediate care facilities that serve people with developmental disabilities, or any other facility or service not listed in this subdivision that is licensed or required to be licensed by the Department of Health for the care of vulnerable adults. "Home care provider" has the meaning provided in section 144A.43, subdivision 4, and applies when care or services are delivered in the vulnerable adult's home, whether a private home or a housing with services establishment registered under chapter 144D, including those that offer assisted living services under chapter 144G.

(b) ~~Except as provided under paragraph (c), for services licensed according to chapter 245D,~~ The Department of Human Services is the lead investigative agency for facilities or services licensed or required to be licensed as adult day care, adult foster care, programs for people with developmental disabilities, family adult day services, mental health programs, mental health clinics, chemical dependency programs, the Minnesota sex offender program, or any other facility or service not listed in this subdivision that is licensed or required to be licensed by the Department of Human Services.

(c) The county social service agency or its designee is the lead investigative agency for all other reports, including, but not limited to, reports involving vulnerable adults receiving services from a personal care provider organization under section 256B.0659~~, or receiving home and community-based services licensed by the Department of Human Services and subject to chapter 245D~~.

Sec. 52. **INTEGRATED LICENSING SYSTEM FOR HOME CARE AND HOME AND COMMUNITY-BASED SERVICES.**

(a) The Department of Health Compliance Monitoring Division and the Department of Human Services Licensing Division shall jointly develop an integrated licensing system for providers of both home care services subject to licensure under Minnesota Statutes, chapter 144A, and for home and community-based services subject to licensure under Minnesota Statutes, chapter 245D. The integrated licensing system shall:

(1) require only one license of any provider of services under Minnesota Statutes, sections 144A.43 to 144A.482, and 245D.03, subdivision 1;

(2) promote quality services that recognize a person's individual needs and protect the person's health, safety, rights, and well-being;

(3) promote provider accountability through application requirements, compliance inspections, investigations, and enforcement actions;

(4) reference other applicable requirements in existing state and federal laws, including the federal Affordable Care Act;

(5) establish internal procedures to facilitate ongoing communications between the agencies, and with providers and services recipients about the regulatory activities;

(6) create a link between the agency Web sites so that providers and the public can access the same information regardless of which Web site is accessed initially; and

(7) collect data on identified outcome measures as necessary for the agencies to report to the Centers for Medicare and Medicaid Services.

(b) The joint recommendations for legislative changes to implement the integrated licensing system are due to the legislature by February 15, 2014.

(c) Before implementation of the integrated licensing system, providers licensed as home care providers under Minnesota Statutes, chapter 144A, may also provide home and community-based services subject to licensure under Minnesota Statutes, chapter 245D, without obtaining a home and community-based services license under Minnesota Statutes, chapter 245D. During this time, the conditions under clauses (1) to (3) shall apply to these providers:

(1) the provider must comply with all requirements under Minnesota Statutes, chapter 245D, for services otherwise subject to licensure under Minnesota Statutes, chapter 245D;

(2) a violation of requirements under Minnesota Statutes, chapter 245D, may be enforced by the Department of Health under the enforcement authority set forth in Minnesota Statutes, section 144A.475; and

(3) the Department of Health will provide information to the Department of Human Services about each provider licensed under this section, including the provider's license application, licensing documents, inspections, information about complaints received, and investigations conducted for possible violations of Minnesota Statutes, chapter 245D.

Sec. 53. **REPEALER.**

(a) Minnesota Statutes 2012, sections 245B.01; 245B.02; 245B.03; 245B.031; 245B.04; 245B.05, subdivisions 1, 2, 3, 5, 6, and 7; 245B.055; 245B.06; 245B.07; and 245B.08, are repealed effective January 1, 2014.

(b) Minnesota Statutes 2012, section 245D.08, is repealed.

ARTICLE 9
WAIVER PROVIDER STANDARDS TECHNICAL CHANGES

Section 1. Minnesota Statutes 2012, section 16C.10, subdivision 5, is amended to read:

Subd. 5. **Specific purchases.** The solicitation process described in this chapter is not required for acquisition of the following:

(1) merchandise for resale purchased under policies determined by the commissioner;

(2) farm and garden products which, as determined by the commissioner, may be purchased at the prevailing market price on the date of sale;

(3) goods and services from the Minnesota correctional facilities;

(4) goods and services from rehabilitation facilities and extended employment providers that are certified by the commissioner of employment and economic development, and day ~~training and habilitation~~ services licensed under ~~sections 245B.01 to 245B.08~~ chapter 245D;

(5) goods and services for use by a community-based facility operated by the commissioner of human services;

(6) goods purchased at auction or when submitting a sealed bid at auction provided that before authorizing such an action, the commissioner consult with the requesting agency to determine a fair and reasonable value for the goods considering factors including, but not limited to, costs associated with submitting a bid, travel, transportation, and storage. This fair and reasonable value must represent the limit of the state's bid;

(7) utility services where no competition exists or where rates are fixed by law or ordinance; and

(8) goods and services from Minnesota sex offender program facilities.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 2. Minnesota Statutes 2012, section 16C.155, subdivision 1, is amended to read:

Subdivision 1. **Service contracts.** The commissioner of administration shall ensure that a portion of all contracts for janitorial services; document imaging; document shredding; and mailing, collating, and sorting services be awarded by the state to rehabilitation programs and extended employment providers that are certified by the commissioner of employment and economic development, and day ~~training and habilitation~~ services licensed under ~~sections 245B.01 to 245B.08~~ chapter 245D. The amount of each contract awarded under this section may exceed the estimated fair market price as determined by the commissioner for the same goods and services by up to six percent. The aggregate value of the contracts awarded to eligible providers under this section in any given year must exceed 19 percent of the total value of all contracts for janitorial services; document imaging; document

shredding; and mailing, collating, and sorting services entered into in the same year. For the 19 percent requirement to be applicable in any given year, the contract amounts proposed by eligible providers must be within six percent of the estimated fair market price for at least 19 percent of the contracts awarded for the corresponding service area.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 3. Minnesota Statutes 2012, section 144D.01, subdivision 4, is amended to read:

Subd. 4. **Housing with services establishment or establishment.** (a) "Housing with services establishment" or "establishment" means:

(1) an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment; or

(2) an establishment that registers under section 144D.025.

(b) Housing with services establishment does not include:

(1) a nursing home licensed under chapter 144A;

(2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;

(3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450, or under chapter ~~245B~~ 245D;

(4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;

(5) a family adult foster care home licensed by the Department of Human Services;

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;

(7) residential settings for persons with developmental disabilities in which the services are licensed under Minnesota Rules, parts 9525.2100 to 9525.2140, or applicable successor rules or laws;

(8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;

(9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units; or

(10) services for persons with developmental disabilities that are provided under a license according to Minnesota Rules, parts 9525.2000 to 9525.2140 in effect until January 1, 1998, or under chapter ~~245B~~ 245D.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 4. Minnesota Statutes 2012, section 174.30, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** (a) The operating standards for special transportation service adopted under this section do not apply to special transportation provided by:

(1) a common carrier operating on fixed routes and schedules;

(2) a volunteer driver using a private automobile;

(3) a school bus as defined in section 169.011, subdivision 71; or

(4) an emergency ambulance regulated under chapter 144.

(b) The operating standards adopted under this section only apply to providers of special transportation service who receive grants or other financial assistance from either the state or the federal government, or both, to provide or assist in providing that service; except that the operating standards adopted under this section do not apply to any nursing home licensed under section 144A.02, to any board and care facility licensed under section 144.50, or to any day training and habilitation services, day care, or group home facility licensed under sections 245A.01 to 245A.19 unless the facility or program provides transportation to nonresidents on a regular basis and the facility receives reimbursement, other than per diem payments, for that service under rules promulgated by the commissioner of human services.

(c) Notwithstanding paragraph (b), the operating standards adopted under this section do not apply to any vendor of services licensed under chapter ~~245B~~ 245D that provides transportation services to consumers or residents of other vendors licensed under chapter ~~245B~~ 245D and transports 15 or fewer persons, including consumers or residents and the driver.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 5. Minnesota Statutes 2012, section 245A.02, subdivision 1, is amended to read:

Subdivision 1. **Scope.** The terms used in this chapter ~~and chapter 245B~~ have the meanings given them in this section.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 6. Minnesota Statutes 2012, section 245A.02, subdivision 9, is amended to read:

Subd. 9. **License holder.** "License holder" means an individual, corporation, partnership, voluntary association, or other organization that is legally responsible for the operation of the program, has been granted a license by the commissioner under this chapter or chapter ~~245B~~ 245D and the rules of the commissioner, and is a controlling individual.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 7. Minnesota Statutes 2012, section 245A.03, subdivision 9, is amended to read:

Subd. 9. **Permitted services by an individual who is related.** Notwithstanding subdivision 2, paragraph (a), clause (1), and subdivision 7, an individual who is related to a person receiving supported living services may provide licensed services to that person if:

(1) the person who receives supported living services received these services in a residential site on July 1, 2005;

(2) the services under clause (1) were provided in a corporate foster care setting for adults and were funded by the developmental disabilities home and community-based services waiver defined in section 256B.092;

(3) the individual who is related obtains and maintains both a license under chapter ~~245B~~ 245D and an adult foster care license under Minnesota Rules, parts 9555.5105 to 9555.6265; and

(4) the individual who is related is not the guardian of the person receiving supported living services.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 8. Minnesota Statutes 2012, section 245A.04, subdivision 13, is amended to read:

Subd. 13. **Funds and property; other requirements.** (a) A license holder must ensure that persons served by the program retain the use and availability of personal funds or property unless restrictions are justified in the person's individual plan. ~~This subdivision does not apply to programs governed by the provisions in section 245B.07, subdivision 10.~~

(b) The license holder must ensure separation of funds of persons served by the program from funds of the license holder, the program, or program staff.

(c) Whenever the license holder assists a person served by the program with the safekeeping of funds or other property, the license holder must:

(1) immediately document receipt and disbursement of the person's funds or other property at the time of receipt or disbursement, including the person's signature, or the signature of the conservator or payee; and

(2) return to the person upon the person's request, funds and property in the license holder's possession subject to restrictions in the person's treatment plan, as soon as possible, but no later than three working days after the date of request.

(d) License holders and program staff must not:

(1) borrow money from a person served by the program;

(2) purchase personal items from a person served by the program;

(3) sell merchandise or personal services to a person served by the program;

(4) require a person served by the program to purchase items for which the license holder is eligible for reimbursement; or

(5) use funds of persons served by the program to purchase items for which the facility is already receiving public or private payments.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 9. Minnesota Statutes 2012, section 245A.07, subdivision 3, is amended to read:

Subd. 3. **License suspension, revocation, or fine.** (a) The commissioner may suspend or revoke a license, or impose a fine if:

(1) a license holder fails to comply fully with applicable laws or rules;

(2) a license holder, a controlling individual, or an individual living in the household where the licensed services are provided or is otherwise subject to a background study has a disqualification which has not been set aside under section 245C.22;

(3) a license holder knowingly withholds relevant information from or gives false or misleading information to the commissioner in connection with an application for a license, in connection with the background study status of an individual, during an investigation, or regarding compliance with applicable laws or rules; or

(4) after July 1, 2012, and upon request by the commissioner, a license holder fails to submit the information required of an applicant under section 245A.04, subdivision 1, paragraph (f) or (g).

A license holder who has had a license suspended, revoked, or has been ordered to pay a fine must be given notice of the action by certified mail or personal service. If mailed, the notice must be mailed to the address shown on the application or the last known address of the license holder. The notice must state the reasons the license was suspended, revoked, or a fine was ordered.

(b) If the license was suspended or revoked, the notice must inform the license holder of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking a license. The appeal of an order suspending or revoking a license must be made in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar days after the license holder receives notice that the license has been suspended or revoked. If a request is made by personal service, it must be received by the commissioner within ten calendar days after the license holder received the order. Except as provided in subdivision 2a, paragraph (c), if a license holder submits a timely appeal of an order suspending or revoking a license, the license holder may continue to operate the program as provided in section 245A.04, subdivision 7, paragraphs (g) and (h), until the commissioner issues a final order on the suspension or revocation.

(c)(1) If the license holder was ordered to pay a fine, the notice must inform the license holder of the responsibility for payment of fines and the right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The appeal of an order to pay a fine must be made in writing by certified mail or personal service. If mailed, the appeal must be postmarked and sent to the commissioner within ten calendar days after the license holder receives notice that the fine has been ordered. If a request is made by personal service, it must be received by the commissioner within ten calendar days after the license holder received the order.

(2) The license holder shall pay the fines assessed on or before the payment date specified. If the license holder fails to fully comply with the order, the commissioner may issue a second fine or suspend the license until the license holder complies. If the license holder receives state funds, the state, county, or municipal agencies or departments responsible for administering the funds shall withhold payments and recover any payments made while the license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine until the commissioner issues a final order.

(3) A license holder shall promptly notify the commissioner of human services, in writing, when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the commissioner determines that a violation has not been corrected as indicated by the order to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify the license holder by certified mail or personal service that a second fine has been assessed. The license holder may appeal the second fine as provided under this subdivision.

(4) Fines shall be assessed as follows: the license holder shall forfeit $1,000 for each determination of maltreatment of a child under section 626.556 or the maltreatment of a vulnerable adult under section 626.557 for which the license holder is determined responsible for the maltreatment under section 626.556, subdivision 10e, paragraph (i), or 626.557, subdivision 9c, paragraph (c); the license holder shall forfeit $200 for each occurrence of

a violation of law or rule governing matters of health, safety, or supervision, including but not limited to the provision of adequate staff-to-child or adult ratios, and failure to comply with background study requirements under chapter 245C; and the license holder shall forfeit $100 for each occurrence of a violation of law or rule other than those subject to a $1,000 or $200 fine above. For purposes of this section, "occurrence" means each violation identified in the commissioner's fine order. Fines assessed against a license holder that holds a license to provide ~~the residential-based habilitation~~ home and community-based services, as ~~defined under~~ identified in section ~~245B.02, subdivision 20~~ 245D.03, subdivision 1, and a community residential setting or day services facility license ~~to provide foster care~~ under chapter 245D where the services are provided, may be assessed against both licenses for the same occurrence, but the combined amount of the fines shall not exceed the amount specified in this clause for that occurrence.

(5) When a fine has been assessed, the license holder may not avoid payment by closing, selling, or otherwise transferring the licensed program to a third party. In such an event, the license holder will be personally liable for payment. In the case of a corporation, each controlling individual is personally and jointly liable for payment.

(d) Except for background study violations involving the failure to comply with an order to immediately remove an individual or an order to provide continuous, direct supervision, the commissioner shall not issue a fine under paragraph (c) relating to a background study violation to a license holder who self-corrects a background study violation before the commissioner discovers the violation. A license holder who has previously exercised the provisions of this paragraph to avoid a fine for a background study violation may not avoid a fine for a subsequent background study violation unless at least 365 days have passed since the license holder self-corrected the earlier background study violation.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 10. Minnesota Statutes 2012, section 256B.0625, subdivision 19c, is amended to read:

Subd. 19c. **Personal care.** Medical assistance covers personal care assistance services provided by an individual who is qualified to provide the services according to subdivision 19a and sections 256B.0651 to 256B.0656, provided in accordance with a plan, and supervised by a qualified professional.

"Qualified professional" means a mental health professional as defined in section 245.462, subdivision 18, clauses (1) to (6), or 245.4871, subdivision 27, clauses (1) to (6); ~~or~~ a registered nurse as defined in sections 148.171 to 148.285, a licensed social worker as defined in sections 148E.010 and 148E.055, or a qualified ~~developmental disabilities specialist under section 245B.07, subdivision 4~~ designated coordinator under section 245D.081, subdivision 2. The qualified professional shall perform the duties required in section 256B.0659.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 11. Minnesota Statutes 2012, section 256B.5011, subdivision 2, is amended to read:

Subd. 2. **Contract provisions.** (a) The service contract with each intermediate care facility must include provisions for:

(1) modifying payments when significant changes occur in the needs of the consumers;

(2) appropriate and necessary statistical information required by the commissioner;

(3) annual aggregate facility financial information; and

(4) additional requirements for intermediate care facilities not meeting the standards set forth in the service contract.

(b) The commissioner of human services and the commissioner of health, in consultation with representatives from counties, advocacy organizations, and the provider community, shall review ~~the consolidated standards under chapter 245B and~~ the home and community-based services standards under chapter 245D and the supervised living facility rule under Minnesota Rules, chapter 4665, to determine what provisions in Minnesota Rules, chapter 4665, may be waived by the commissioner of health for intermediate care facilities in order to enable facilities to implement the performance measures in their contract and provide quality services to residents without a duplication of or increase in regulatory requirements.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 12. Minnesota Statutes 2012, section 471.59, subdivision 1, is amended to read:

Subdivision 1. **Agreement.** Two or more governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties or any similar powers, including those which are the same except for the territorial limits within which they may be exercised. The agreement may provide for the exercise of such powers by one or more of the participating governmental units on behalf of the other participating units. The term "governmental unit" as used in this section includes every city, county, town, school district, independent nonprofit firefighting corporation, other political subdivision of this or another state, another state, federally recognized Indian tribe, the University of Minnesota, the Minnesota Historical Society, nonprofit hospitals licensed under sections 144.50 to 144.56, rehabilitation facilities and extended employment providers that are certified by the commissioner of employment and economic development, ~~day training and habilitation services licensed under sections 245B.01 to 245B.08,~~ day and supported employment services licensed under chapter 245D, and any agency of the state of Minnesota or the United States, and includes any instrumentality of a governmental unit. For the purpose of this section, an instrumentality of a governmental unit means an instrumentality having independent policy-making and appropriating authority.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 13. Minnesota Statutes 2012, section 626.556, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Family assessment" means a comprehensive assessment of child safety, risk of subsequent child maltreatment, and family strengths and needs that is applied to a child maltreatment report that does not allege substantial child endangerment. Family assessment does not include a determination as to whether child maltreatment occurred but does determine the need for services to address the safety of family members and the risk of subsequent maltreatment.

(b) "Investigation" means fact gathering related to the current safety of a child and the risk of subsequent maltreatment that determines whether child maltreatment occurred and whether child protective services are needed. An investigation must be used when reports involve substantial child endangerment, and for reports of maltreatment in facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and 13, and 124D.10; or in a nonlicensed personal care provider association as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(c) "Substantial child endangerment" means a person responsible for a child's care, and in the case of sexual abuse includes a person who has a significant relationship to the child as defined in section 609.341, or a person in a position of authority as defined in section 609.341, who by act or omission commits or attempts to commit an act against a child under their care that constitutes any of the following:

(1) egregious harm as defined in section 260C.007, subdivision 14;

(2) sexual abuse as defined in paragraph (d);

(3) abandonment under section 260C.301, subdivision 2;

(4) neglect as defined in paragraph (f), clause (2), that substantially endangers the child's physical or mental health, including a growth delay, which may be referred to as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(5) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;

(6) manslaughter in the first or second degree under section 609.20 or 609.205;

(7) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;

(8) solicitation, inducement, and promotion of prostitution under section 609.322;

(9) criminal sexual conduct under sections 609.342 to 609.3451;

(10) solicitation of children to engage in sexual conduct under section 609.352;

(11) malicious punishment or neglect or endangerment of a child under section 609.377 or 609.378;

(12) use of a minor in sexual performance under section 617.246; or

(13) parental behavior, status, or condition which mandates that the county attorney file a termination of parental rights petition under section 260C.301, subdivision 3, paragraph (a).

(d) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse which includes the status of a parent or household member who has committed a violation which requires registration as an offender under section 243.166, subdivision 1b, paragraph (a) or (b), or required registration under section 243.166, subdivision 1b, paragraph (a) or (b).

(e) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, other school employees or agents, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(f) "Neglect" means the commission or omission of any of the acts specified under clauses (1) to (9), other than by accidental means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions that seriously endanger the child's physical or mental health when reasonably able to do so, including a growth delay, which may be referred to as a failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance, or the presence of a fetal alcohol spectrum disorder;

(7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

(8) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(g) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive or deprivation procedures, or regulated interventions, that have not been authorized under section 121A.67 or 245.825.

Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Abuse does not include the use of reasonable force by a teacher, principal, or school employee as allowed by section 121A.582. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

(1) throwing, kicking, burning, biting, or cutting a child;

(2) striking a child with a closed fist;

(3) shaking a child under age three;

(4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;

(5) unreasonable interference with a child's breathing;

(6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

(7) striking a child under age one on the face or head;

(8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances;

(9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining; or

(10) in a school facility or school zone, an act by a person responsible for the child's care that is a violation under section 121A.58.

(h) "Report" means any report received by the local welfare agency, police department, county sheriff, or agency responsible for assessing or investigating maltreatment pursuant to this section.

(i) "Facility" means:

(1) a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter ~~245B~~ 245D;

(2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or

(3) a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(j) "Operator" means an operator or agency as defined in section 245A.02.

(k) "Commissioner" means the commissioner of human services.

(l) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and parenting time expeditor services.

(m) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(n) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury. Threatened injury includes, but is not limited to, exposing a child to a person responsible for the child's care, as defined in paragraph (e), clause (1), who has:

(1) subjected a child to, or failed to protect a child from, an overt act or condition that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a similar law of another jurisdiction;

(2) been found to be palpably unfit under section 260C.301, paragraph (b), clause (4), or a similar law of another jurisdiction;

(3) committed an act that has resulted in an involuntary termination of parental rights under section 260C.301, or a similar law of another jurisdiction; or

(4) committed an act that has resulted in the involuntary transfer of permanent legal and physical custody of a child to a relative under Minnesota Statutes 2010, section 260C.201, subdivision 11, paragraph (d), clause (1), section 260C.515, subdivision 4, or a similar law of another jurisdiction.

A child is the subject of a report of threatened injury when the responsible social services agency receives birth match data under paragraph (o) from the Department of Human Services.

(o) Upon receiving data under section 144.225, subdivision 2b, contained in a birth record or recognition of parentage identifying a child who is subject to threatened injury under paragraph (n), the Department of Human Services shall send the data to the responsible social services agency. The data is known as "birth match" data. Unless the responsible social services agency has already begun an investigation or assessment of the report due to the birth of the child or execution of the recognition of parentage and the parent's previous history with child protection, the agency shall accept the birth match data as a report under this section. The agency may use either a family assessment or investigation to determine whether the child is safe. All of the provisions of this section apply. If the child is determined to be safe, the agency shall consult with the county attorney to determine the appropriateness of filing a petition alleging the child is in need of protection or services under section 260C.007, subdivision 6, clause (16), in order to deliver needed services. If the child is determined not to be safe, the agency and the county attorney shall take appropriate action as required under section 260C.301, subdivision 3.

(p) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates and accepted teacher discipline practices, which are not injurious to the child's health, welfare, and safety.

(q) "Accidental" means a sudden, not reasonably foreseeable, and unexpected occurrence or event which:

(1) is not likely to occur and could not have been prevented by exercise of due care; and

(2) if occurring while a child is receiving services from a facility, happens when the facility and the employee or person providing services in the facility are in compliance with the laws and rules relevant to the occurrence or event.

(r) "Nonmaltreatment mistake" means:

(1) at the time of the incident, the individual was performing duties identified in the center's child care program plan required under Minnesota Rules, part 9503.0045;

(2) the individual has not been determined responsible for a similar incident that resulted in a finding of maltreatment for at least seven years;

(3) the individual has not been determined to have committed a similar nonmaltreatment mistake under this paragraph for at least four years;

(4) any injury to a child resulting from the incident, if treated, is treated only with remedies that are available over the counter, whether ordered by a medical professional or not; and

(5) except for the period when the incident occurred, the facility and the individual providing services were both in compliance with all licensing requirements relevant to the incident.

This definition only applies to child care centers licensed under Minnesota Rules, chapter 9503. If clauses (1) to (5) apply, rather than making a determination of substantiated maltreatment by the individual, the commissioner of human services shall determine that a nonmaltreatment mistake was made by the individual.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 14. Minnesota Statutes 2012, section 626.556, subdivision 3, is amended to read:

Subd. 3. **Persons mandated to report.** (a) A person who knows or has reason to believe a child is being neglected or physically or sexually abused, as defined in subdivision 2, or has been neglected or physically or sexually abused within the preceding three years, shall immediately report the information to the local welfare agency, agency responsible for assessing or investigating the report, police department, or the county sheriff if the person is:

(1) a professional or professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, correctional supervision, probation and correctional services, or law enforcement; or

(2) employed as a member of the clergy and received the information while engaged in ministerial duties, provided that a member of the clergy is not required by this subdivision to report information that is otherwise privileged under section 595.02, subdivision 1, paragraph (c).

The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency or agency responsible for assessing or investigating the report, orally and in writing. The local welfare agency, or agency responsible for assessing or investigating the report, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing. The county sheriff and the head of every local welfare agency, agency responsible for assessing or investigating reports, and police department shall each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph and paragraph (b) are carried out. Nothing in this subdivision shall be construed to require more than one report from any institution, facility, school, or agency.

(b) Any person may voluntarily report to the local welfare agency, agency responsible for assessing or investigating the report, police department, or the county sheriff if the person knows, has reason to believe, or suspects a child is being or has been neglected or subjected to physical or sexual abuse. The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency or agency responsible for assessing or investigating the report, orally and in writing. The local welfare agency or agency responsible for assessing or investigating the report, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing.

(c) A person mandated to report physical or sexual child abuse or neglect occurring within a licensed facility shall report the information to the agency responsible for licensing the facility under sections 144.50 to 144.58; 241.021; 245A.01 to 245A.16; or chapter ~~245B~~ 245D; or a nonlicensed personal care provider organization as defined in sections

256B.04, subdivision 16; and 256B.0625, subdivision 19. A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A board or other entity whose licensees perform work within a school facility, upon receiving a complaint of alleged maltreatment, shall provide information about the circumstances of the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4, applies to data received by the commissioner of education from a licensing entity.

(d) Any person mandated to report shall receive a summary of the disposition of any report made by that reporter, including whether the case has been opened for child protection or other services, or if a referral has been made to a community organization, unless release would be detrimental to the best interests of the child. Any person who is not mandated to report shall, upon request to the local welfare agency, receive a concise summary of the disposition of any report made by that reporter, unless release would be detrimental to the best interests of the child.

(e) For purposes of this section, "immediately" means as soon as possible but in no event longer than 24 hours.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 15. Minnesota Statutes 2012, section 626.556, subdivision 10d, is amended to read:

Subd. 10d. **Notification of neglect or abuse in facility.** (a) When a report is received that alleges neglect, physical abuse, sexual abuse, or maltreatment of a child while in the care of a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed according to sections 144.50 to 144.58; 241.021; or 245A.01 to 245A.16; or chapter ~~245B~~ 245D, or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in section 256B.04, subdivision 16, and 256B.0625, subdivision 19a, the commissioner of the agency responsible for assessing or investigating the report or local welfare agency investigating the report shall provide the following information to the parent, guardian, or legal custodian of a child alleged to have been neglected, physically abused, sexually abused, or the victim of maltreatment of a child in the facility: the name of the facility; the fact that a report alleging neglect, physical abuse, sexual abuse, or maltreatment of a child in the facility has been received; the nature of the alleged neglect, physical abuse, sexual abuse, or maltreatment of a child in the facility; that the agency is conducting an assessment or investigation; any protective or corrective measures being taken pending the outcome of the investigation; and that a written memorandum will be provided when the investigation is completed.

(b) The commissioner of the agency responsible for assessing or investigating the report or local welfare agency may also provide the information in paragraph (a) to the parent, guardian, or legal custodian of any other child in the facility if the investigative agency knows or has reason to believe the alleged neglect, physical abuse, sexual abuse, or maltreatment of a child in the facility has occurred. In determining whether to exercise this authority, the commissioner of the agency responsible for assessing or investigating the report or local welfare agency shall consider the seriousness of the alleged neglect, physical abuse, sexual abuse, or maltreatment of a child in the facility; the number of children allegedly neglected, physically abused, sexually abused, or victims of maltreatment of a child in the facility; the number of alleged perpetrators; and the length of the investigation. The facility shall be notified whenever this discretion is exercised.

(c) When the commissioner of the agency responsible for assessing or investigating the report or local welfare agency has completed its investigation, every parent, guardian, or legal custodian previously notified of the investigation by the commissioner or local welfare agency shall be provided with the following information in a written memorandum: the name of the facility investigated; the nature of the alleged neglect, physical abuse, sexual abuse, or maltreatment of a child in the facility; the investigator's name; a summary of the investigation findings; a statement whether maltreatment was found; and the protective or corrective measures that are being or will be taken. The memorandum shall be written in a manner that protects the identity of the reporter and the child and shall not contain the name, or to the extent possible, reveal the identity of the alleged perpetrator or of those interviewed

during the investigation. If maltreatment is determined to exist, the commissioner or local welfare agency shall also provide the written memorandum to the parent, guardian, or legal custodian of each child in the facility who had contact with the individual responsible for the maltreatment. When the facility is the responsible party for maltreatment, the commissioner or local welfare agency shall also provide the written memorandum to the parent, guardian, or legal custodian of each child who received services in the population of the facility where the maltreatment occurred. This notification must be provided to the parent, guardian, or legal custodian of each child receiving services from the time the maltreatment occurred until either the individual responsible for maltreatment is no longer in contact with a child or children in the facility or the conclusion of the investigation. In the case of maltreatment within a school facility, as defined in sections 120A.05, subdivisions 9, 11, and 13, and 124D.10, the commissioner of education need not provide notification to parents, guardians, or legal custodians of each child in the facility, but shall, within ten days after the investigation is completed, provide written notification to the parent, guardian, or legal custodian of any student alleged to have been maltreated. The commissioner of education may notify the parent, guardian, or legal custodian of any student involved as a witness to alleged maltreatment.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 16. **REPEALER.**

Minnesota Statutes 2012, section 256B.49, subdivision 16a, is repealed effective January 1, 2014.

ARTICLE 10
MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Licensed child care providers and license-exempt centers must not be reimbursed for more than ~~ten~~ 25 full-day absent days per child, excluding holidays, in a fiscal year, or for more than ten consecutive full-day absent days. Legal nonlicensed family child care providers must not be reimbursed for absent days. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time must be reimbursed but the time must not count toward the ~~ten~~ absent ~~day~~ days limit. Child care providers must 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.

(b) Notwithstanding paragraph (a), children with documented medical conditions that cause more frequent absences may exceed the 25 absent days limit, or ten consecutive full-day absent days limit. Absences due to a documented medical condition of a parent or sibling who lives in the same residence as the child receiving child care assistance do not count against the absent days limit in a fiscal year. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. A public health nurse or school nurse may verify the illness in lieu of a medical practitioner. If a provider sends a child home early due to a medical reason, including, but not limited to, fever or contagious illness, the child care center director or lead teacher may verify the illness in lieu of a medical practitioner.

~~(b)~~ (c) Notwithstanding paragraph (a), children in families may exceed the ~~ten~~ absent days limit if at least one parent: (1) is under the age of 21; (2) does not have a high school or general equivalency diploma; and (3) is a student in a school district or another similar program that provides or arranges for child care, parenting support, social services, career and employment supports, and academic support to achieve high school graduation, upon request of the program and approval of the county. 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.

~~(c)~~ (d) Child care providers must be reimbursed for up to ten 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. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the ~~ten~~ absent ~~day~~ days limit.

~~(d)~~ (e) A family or child care provider must not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, (2) all of the allowed full-day absent payments for the child have been paid, or (3) the family or provider did not timely report a change as required under law.

~~(e)~~ (f) The provider and family shall receive notification of the number of absent days used upon initial provider authorization for a family and ongoing notification of the number of absent days used as of the date of the notification.

(g) For purposes of this subdivision, "absent days limit" means 25 full-day absent days per child, excluding holidays, in a fiscal year; and ten consecutive full-day absent days.

Sec. 2. **[214.075] HEALTH-RELATED LICENSING BOARDS; CRIMINAL BACKGROUND CHECKS.**

Subdivision 1. **Applications.** (a) By January 1, 2018, each health-related licensing board, as defined in section 214.01, subdivision 2, shall require applicants for initial licensure, licensure by endorsement, or reinstatement or other relicensure after a lapse in licensure, as defined by the individual health-related licensing boards to submit to a criminal history records check of state data completed by the Bureau of Criminal Apprehension (BCA) and a national criminal history records check, including a search of the records of the Federal Bureau of Investigation (FBI).

(b) An applicant must complete a criminal background check if more than one year has elapsed since the applicant last submitted a background check to the board.

Subd. 2. **Investigations.** If a health-related licensing board has reasonable cause to believe a licensee has been charged with or convicted of a crime in this or any other jurisdiction, the health-related licensing board may require the licensee to submit to a criminal history records check of state data completed by the BCA and a national criminal history records check, including a search of the records of the FBI.

Subd. 3. **Consent form; fees; fingerprints.** In order to effectuate the federal and state level, fingerprint-based criminal background check, the applicant or licensee must submit a completed criminal history records check consent form and a full set of fingerprints to the respective health-related licensing board or a designee in the manner and form specified by the board. The applicant or licensee is responsible for all fees associated with preparation of the fingerprints, the criminal records check consent form, and the criminal background check. The fees for the criminal records background check shall be set by the BCA and the FBI and are not refundable.

Subd. 4. **Refusal to consent.** (a) The health-related licensing boards shall not issue a license to any applicant who refuses to consent to a criminal background check or fails to submit fingerprints within 90 days after submission of an application for licensure. Any fees paid by the applicant to the board shall be forfeited if the applicant refuses to consent to the criminal background check or fails to submit the required fingerprints.

(b) The failure of a licensee to submit to a criminal background check as provided in subdivision 3 is grounds for disciplinary action by the respective health licensing board.

Subd. 5. **Submission of fingerprints to BCA.** The health-related licensing board or designee shall submit applicant or licensee fingerprints to the BCA. The BCA shall perform a check for state criminal justice information and shall forward the applicant's or licensee's fingerprints to the FBI to perform a check for national criminal justice information regarding the applicant or licensee. The BCA shall report to the board the results of the state and national criminal justice information checks.

Subd. 6. **Alternatives to fingerprint-based criminal background checks.** The health-related licensing board may require an alternative method of criminal history checks for an applicant or licensee who has submitted at least three sets of fingerprints in accordance with this section that have been unreadable by the BCA or FBI.

Subd. 7. **Opportunity to challenge accuracy of report.** Prior to taking disciplinary action against an applicant or a licensee based on a criminal conviction, the health-related licensing board shall provide the applicant or licensee an opportunity to complete or challenge the accuracy of the criminal history information reported to the board. The applicant or licensee shall have 30 calendar days following notice from the board of the intent to deny licensure or take disciplinary action to request an opportunity to correct or complete the record prior to the board taking disciplinary action based on the information reported to the board. The board shall provide the applicant up to 180 days to challenge the accuracy or completeness of the report with the agency responsible for the record. This subdivision does not affect the right of the subject of the data to contest the accuracy or completeness under section 13.04, subdivision 4.

Subd. 8. **Instructions to the board; plans.** The health-related licensing boards, in collaboration with the commissioner of human services and the BCA, shall establish a plan for completing criminal background checks of all licensees who were licensed before the effective date requirement under subdivision 1. The plan must seek to minimize duplication of requirements for background checks of licensed health professionals. The plan for background checks of current licensees shall be developed no later than January 1, 2017, and may be contingent upon the implementation of a system by the BCA or FBI in which any new crimes that an applicant or licensee commits after an initial background check are flagged in the BCA's or FBI's database and reported back to the board. The plan shall include recommendations for any necessary statutory changes.

Sec. 3. Minnesota Statutes 2012, section 214.40, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Administrative services unit" means the administrative services unit for the health-related licensing boards.

(c) "Charitable organization" means a charitable organization within the meaning of section 501(c)(3) of the Internal Revenue Code that has as a purpose the sponsorship or support of programs designed to improve the quality, awareness, and availability of health care services and that serves as a funding mechanism for providing those services.

(d) "Health care facility or organization" means a health care facility licensed under chapter 144 or 144A, or a charitable organization.

(e) "Health care provider" means a physician licensed under chapter 147, physician assistant registered and practicing under chapter 147A, nurse licensed and registered to practice under chapter 148, or dentist ~~or,~~ dental hygienist, dental therapist, or advanced dental therapist licensed under chapter 150A.

(f) "Health care services" means health promotion, health monitoring, health education, diagnosis, treatment, minor surgical procedures, the administration of local anesthesia for the stitching of wounds, and primary dental services, including preventive, diagnostic, restorative, and emergency treatment. Health care services do not include the administration of general anesthesia or surgical procedures other than minor surgical procedures.

(g) "Medical professional liability insurance" means medical malpractice insurance as defined in section 62F.03.

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

Sec. 4. Minnesota Statutes 2012, section 245A.1435, is amended to read:

245A.1435 REDUCTION OF RISK OF SUDDEN INFANT DEATH SYNDROME IN LICENSED PROGRAMS.

(a) When a license holder is placing an infant to sleep, the license holder must place the infant on the infant's back, unless the license holder has documentation from the infant's ~~parent~~ doctor directing an alternative sleeping position for the infant. The ~~parent~~ doctor directive must be on a form approved by the commissioner and must

~~include a statement that the parent or legal guardian has read the information provided by the Minnesota Sudden Infant Death Center, related to the risk of SIDS and the importance of placing an infant or child on its back to sleep to reduce the risk of SIDS~~ remain on file at the licensed location. An infant who independently rolls over onto its stomach after being placed to sleep on its back may be allowed to remain on its stomach.

(b) The license holder must place the infant in a crib directly on a firm mattress with a fitted crib sheet that fits tightly on the mattress and overlaps the underside of the mattress so it cannot be dislodged by pulling on the corner of the sheet with reasonable effort. The license holder must not place pillows, quilts, comforters, sheepskin, pillow-like stuffed toys, or other soft products in the crib with the infant. The requirements of this section apply to license holders serving infants ~~up to and including 12 months of age~~ younger than the age of one year. Licensed child care providers must meet the crib requirements under section 245A.146.

Sec. 5. Minnesota Statutes 2012, section 246.54, is amended to read:

246.54 LIABILITY OF COUNTY; REIMBURSEMENT.

Subdivision 1. **County portion for cost of care.** (a) Except for chemical dependency services provided under sections 254B.01 to 254B.09, the client's county shall pay to the state of Minnesota a portion of the cost of care provided in a regional treatment center or a state nursing facility to a client legally settled in that county. A county's payment shall be made from the county's own sources of revenue and payments shall equal a percentage of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends at a regional treatment center or a state nursing facility according to the following schedule:

(1) zero percent for the first 30 days;

(2) 20 percent for days 31 to 60; and

(3) ~~50~~ 75 percent for any days over 60.

(b) The increase in the county portion for cost of care under paragraph (a), clause (3), shall be imposed when the treatment facility has determined that it is clinically appropriate for the client to be discharged.

(c) If payments received by the state under sections 246.50 to 246.53 exceed 80 percent of the cost of care for days 31 to 60, or ~~50~~ 25 percent for days over 60, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

Subd. 2. **Exceptions.** (a) Subdivision 1 does not apply to services provided at the Minnesota Security Hospital ~~or the Minnesota extended treatment options program~~. For services at ~~these facilities~~ the Minnesota Security Hospital, a county's payment shall be made from the county's own sources of revenue and payments ~~shall be paid as follows:~~. Excluding the state-operated forensic transition service, payments to the state from the county shall equal ten percent of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends at the facility. For the state-operated forensic transition service, payments to the state from the county shall equal 50 percent of the cost of care, as determined by the commissioner, for each day, or the portion thereof, that the client spends in the program. If payments received by the state under sections 246.50 to 246.53 for services provided at the Minnesota Security Hospital, excluding the state-operated forensic transition service, exceed 90 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. If payments received by the state under sections 246.50 to 246.53 for the state-operated forensic transition service exceed 50 percent of the cost of care, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

(b) Regardless of the facility to which the client is committed, subdivision 1 does not apply to the following individuals:

~~(1) clients who are committed as mentally ill and dangerous under section 253B.02, subdivision 17;~~

~~(2)~~ (1) clients who are committed as sexual psychopathic personalities under section 253B.02, subdivision 18b; and

~~(3)~~ (2) clients who are committed as sexually dangerous persons under section 253B.02, subdivision 18c.

~~For each of the individuals in clauses (1) to (3), the payment by the county to the state shall equal ten percent of the cost of care for each day as determined by the commissioner.~~

Sec. 6. **[256.999] CULTURAL AND ETHNIC COMMUNITIES LEADERSHIP COUNCIL.**

Subdivision 1. **Establishment; purpose.** There is hereby established the Cultural and Ethnic Communities Leadership Council for the Department of Human Services. The purpose of the council is to advise the commissioner of human services on reducing disparities that affect racial and ethnic groups.

Subd. 2. **Members.** (a) The council must consist of no fewer than 15 and no more than 25 members appointed by the commissioner of human services, in consultation with county, tribal, cultural, and ethnic communities; diverse program participants; and parent representatives from these communities. The commissioner shall direct the development of guidelines defining the membership of the council; setting out definitions; and developing duties of the commissioner, the council, and council members regarding racial and ethnic disparities reduction. The guidelines must be developed in consultation with:

(1) the chairs of relevant committees; and

(2) county, tribal, and cultural communities and program participants from these communities.

(b) Members must be appointed to allow for representation of the following groups:

(1) racial and ethnic minority groups;

(2) tribal service providers;

(3) culturally and linguistically specific advocacy groups and service providers;

(4) human services program participants;

(5) public and private institutions;

(6) parents of human services program participants;

(7) members of the faith community;

(8) Department of Human Services employees;

(9) chairs of relevant legislative committees; and

(10) any other group the commissioner deems appropriate to facilitate the goals and duties of the council.

(c) Each member of the council must be appointed to either a one-year or two-year term. The commissioner shall appoint one member as chair.

(d) Notwithstanding section 15.059, members of the council shall receive no compensation for their services.

Subd. 3. **Duties of commissioner.** (a) The commissioner of human services or the commissioner's designee shall:

(1) maintain the council established in this section;

(2) supervise and coordinate policies for persons from racial, ethnic, cultural, linguistic, and tribal communities who experience disparities in access and outcomes;

(3) identify human services rules or statutes affecting persons from racial, ethnic, cultural, linguistic, and tribal communities that may need to be revised;

(4) investigate and implement cost-effective models of service delivery such as careful adaptation of clinically proven services that constitute one strategy for increasing the number of culturally relevant services available to currently underserved populations;

(5) based on recommendations of the council, review identified department policies that maintain racial, ethnic, cultural, linguistic, and tribal disparities, and make adjustments to ensure those disparities are not perpetuated; and

(6) based on recommendations of the council, submit legislation to reduce disparities affecting racial and ethnic groups, increase access to programs, and promote better outcomes.

(b) The commissioner of human services or the commissioner's designee shall consult with the council and receive recommendations from the council when meeting the requirements of this section.

Subd. 4. **Duties of council.** The Cultural and Ethnic Communities Leadership Council shall:

(1) recommend to the commissioner for review identified policies in the Department of Human Services that maintain racial, ethnic, cultural, linguistic, and tribal disparities;

(2) identify issues regarding disparities by engaging diverse populations in human services programs;

(3) engage in mutual learning essential for achieving human services parity and optimal wellness for service recipients;

(4) raise awareness about human services disparities to the legislature and media;

(5) provide technical assistance and consultation support to counties, private nonprofit agencies, and other service providers to build their capacity to provide equitable human services for persons from racial, ethnic, cultural, linguistic, and tribal communities who experience disparities in access and outcomes;

(6) provide technical assistance to promote statewide development of culturally and linguistically appropriate, accessible, and cost-effective human services and related policies;

(7) provide training and outreach to facilitate access to culturally and linguistically appropriate, accessible, and cost-effective human services to prevent disparities;

(8) facilitate culturally appropriate and culturally sensitive admissions, continued services, discharges, and utilization review for human services agencies and institutions;

(9) form work groups to help carry out the duties of the council that include, but are not limited to, persons who provide and receive services and representatives of advocacy groups, and provide the work groups with clear guidelines, standardized parameters, and tasks for the work groups to accomplish; and

(10) promote information-sharing in the human services community and statewide.

Subd. 5. **Duties of council members.** The members of the council shall:

(1) attend and participate in scheduled meetings and be prepared by reviewing meeting notes;

(2) maintain open communication channels with respective constituencies;

(3) identify and communicate issues and risks that could impact the timely completion of tasks;

(4) collaborate on disparity reduction efforts;

(5) communicate updates of the council's work progress and status on the Department of Human Services Web site; and

(6) participate in any activities the council or chair deem appropriate and necessary to facilitate the goals and duties of the council.

Subd. 6. **Expiration.** Notwithstanding section 15.059, the council does not expire unless directed by the commissioner.

Sec. 7. Minnesota Statutes 2012, section 256I.04, subdivision 3, is amended to read:

Subd. 3. **Moratorium on development of group residential housing beds.** (a) County agencies shall not enter into agreements for new group residential housing beds with total rates in excess of the MSA equivalent rate except:

(1) for group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with developmental disabilities at regional treatment centers;

(2) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with developmental disabilities or mental illness;

(3) up to 80 beds in a single, specialized facility located in Hennepin County that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the Housing Finance Agency under section 462A.05, subdivision 20a, paragraph (b);

(4) notwithstanding the provisions of subdivision 2a, for up to 190 supportive housing units in Anoka, Dakota, Hennepin, or Ramsey County for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and

support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be or, within the previous six months, has been discharged from a regional treatment center, or a state-contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program. If a person meets the requirements of subdivision 1, paragraph (a), and receives a federal or state housing subsidy, the group residential housing rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a, and is determined by subtracting the amount of the person's countable income that exceeds the MSA equivalent rate from the group residential housing supplementary rate. A resident in a demonstration project site who no longer participates in the demonstration program shall retain eligibility for a group residential housing payment in an amount determined under section 256I.06, subdivision 8, using the MSA equivalent rate. Service funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching funds are available and the services can be provided through a managed care entity. If federal matching funds are not available, then service funding will continue under section 256I.05, subdivision 1a;

(5) for group residential housing beds in settings meeting the requirements of subdivision 2a, clauses (1) and (3), which are used exclusively for recipients receiving home and community-based waiver services under sections 256B.0915, 256B.092, subdivision 5, 256B.093, and 256B.49, and who resided in a nursing facility for the six months immediately prior to the month of entry into the group residential housing setting. The group residential housing rate for these beds must be set so that the monthly group residential housing payment for an individual occupying the bed when combined with the nonfederal share of services delivered under the waiver for that person does not exceed the nonfederal share of the monthly medical assistance payment made for the person to the nursing facility in which the person resided prior to entry into the group residential housing establishment. The rate may not exceed the MSA equivalent rate plus $426.37 for any case;

(6) for an additional two beds, resulting in a total of 32 beds, for a facility located in Hennepin County providing services for recovering and chemically dependent men that has had a group residential housing contract with the county and has been licensed as a board and lodge facility with special services since 1980;

(7) for a group residential housing provider located in the city of St. Cloud, or a county contiguous to the city of St. Cloud, that operates a 40-bed facility, that received financing through the Minnesota Housing Finance Agency Ending Long-Term Homelessness Initiative and serves chemically dependent clientele, providing 24-hour-a-day supervision;

(8) for a new 65-bed facility in Crow Wing County that will serve chemically dependent persons, operated by a group residential housing provider that currently operates a 304-bed facility in Minneapolis, and a 44-bed facility in Duluth;

(9) for a group residential housing provider that operates two ten-bed facilities, one located in Hennepin County and one located in Ramsey County, that provide community support and 24-hour-a-day supervision to serve the mental health needs of individuals who have chronically lived unsheltered; and

(10) for a group residential facility in Hennepin County with a capacity of up to 48 beds that has been licensed since 1978 as a board and lodging facility and that until August 1, 2007, operated as a licensed chemical dependency treatment program.

(b) A county agency may enter into a group residential housing agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The transfer of available beds from one county to another can only occur by the agreement of both counties.

(c) Effective July 1, 2013, 35 beds with rates in excess of the MSA-equivalent rate must be designated for youth victims of sex trafficking.

Sec. 8. Minnesota Statutes 2012, section 256I.05, subdivision 1e, is amended to read:

Subd. 1e. **Supplementary rate for certain facilities.** ~~(a)~~ Notwithstanding the provisions of subdivisions 1a and 1c, beginning July 1, 2005, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, not to exceed $700 per month, including any legislatively authorized inflationary adjustments, for a group residential housing provider that:

(1) is located in Hennepin County and has had a group residential housing contract with the county since June 1996;

(2) operates in three separate locations a 75-bed facility, a 50-bed facility, and a 26-bed facility; and

(3) serves a chemically dependent clientele, providing 24 hours per day supervision and limiting a resident's maximum length of stay to 13 months out of a consecutive 24-month period.

~~(b) Notwithstanding subdivisions 1a and 1c, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, not to exceed $700 per month, including any legislatively authorized inflationary adjustments, of a group residential provider that:~~

~~(1) is located in St. Louis County and has had a group residential housing contract with the county since 2006;~~

~~(2) operates a 62-bed facility; and~~

~~(3) serves a chemically dependent adult male clientele, providing 24 hours per day supervision and limiting a resident's maximum length of stay to 13 months out of a consecutive 24-month period.~~

~~(c) Notwithstanding subdivisions 1a and 1c, beginning July 1, 2013, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, not to exceed $700 per month, including any legislatively authorized inflationary adjustments, for the group residential provider described under paragraphs (a) and (b), not to exceed an additional 115 beds.~~

Sec. 9. Minnesota Statutes 2012, section 256J.35, is amended to read:

256J.35 AMOUNT OF ASSISTANCE PAYMENT.

Except as provided in paragraphs (a) to ~~(c)~~ (d), the amount of an assistance payment is equal to the difference between the MFIP standard of need or the Minnesota family wage level in section 256J.24 and countable income.

(a) When MFIP eligibility exists for the month of application, the amount of the assistance payment for the month of application must be prorated from the date of application or the date all other eligibility factors are met for that applicant, whichever is later. This provision applies when an applicant loses at least one day of MFIP eligibility.

(b) MFIP overpayments to an assistance unit must be recouped according to section 256J.38, subdivision 4.

(c) An initial assistance payment must not be made to an applicant who is not eligible on the date payment is made.

(d) MFIP assistance units whose housing costs exceed 50 percent of their monthly cash grant are eligible for an additional cash amount in the form of a housing assistance grant. The housing assistance grant must be equal to 50 percent of the difference between the assistance unit's cash grant and its housing costs, with a maximum housing assistance grant of $250 per month. MFIP assistance units must report their housing costs to the lead agency on the forms and according to the timelines established by the commissioner.

EFFECTIVE DATE. This section is effective December 1, 2013.

Sec. 10. Minnesota Statutes 2012, section 256K.45, is amended to read:

256K.45 ~~RUNAWAY AND~~ HOMELESS YOUTH ACT.

Subdivision 1. **Mission.** The mission of the Homeless Youth Act is to reduce the incidence of homelessness among youth by providing integrated and supportive services and housing to homeless youth, youth at risk of homelessness, and runaways. The commissioner shall establish a Homeless Youth Act fund and award grants to providers who are committed to serving homeless youth, to provide street and community outreach and drop-in programs, emergency shelter programs, and supportive housing and transitional living programs, consistent with the program descriptions in this act.

Subd. 1a. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Commissioner" means the commissioner of human services.

(c) "Homeless youth" means a person 21 years of age or younger who is unaccompanied by a parent or guardian and is without shelter where appropriate care and supervision are available, whose parent or legal guardian is unable or unwilling to provide shelter and care, or who lacks a fixed, regular, and adequate nighttime residence. The following are not fixed, regular, or adequate nighttime residences:

(1) a supervised publicly or privately operated shelter designed to provide temporary living accommodations;

(2) an institution or a publicly or privately operated shelter designed to provide temporary living accommodations;

(3) transitional housing;

(4) a temporary placement with a peer, friend, or family member that has not offered permanent residence, a residential lease, or temporary lodging for more than 30 days; or

(5) a public or private place not designed for, nor ordinarily used as, a regular sleeping accommodation for human beings.

Homeless youth does not include persons incarcerated or otherwise detained under federal or state law.

(d) "Youth at risk of homelessness" means a person 21 years of age or younger whose status or circumstances indicate a significant danger of experiencing homelessness in the near future. Status or circumstances that indicate a significant danger may include: (1) youth exiting out-of-home placements; (2) youth who previously were homeless; (3) youth whose parents or primary caregivers are or were previously homeless; (4) youth who are exposed to abuse and neglect in their homes; (5) youth who experience conflict with parents due to chemical or alcohol dependency, mental health disabilities, or other disabilities; and (6) runaways.

(e) "Runaway" means an unmarried child under the age of 18 years who is absent from the home of a parent or guardian or other lawful placement without the consent of the parent, guardian, or lawful custodian.

Subd. 2. **Homeless and runaway youth report.** The commissioner shall develop a report for homeless youth, youth at risk of homelessness, and runaways. The report shall include coordination of services as defined under subdivisions 3 to 5.

Subd. 3. **Street and community outreach and drop-in program.** Youth drop-in centers must provide walk-in access to crisis intervention and ongoing supportive services including one-to-one case management services on a self-referral basis. Street and community outreach programs must locate, contact, and provide information, referrals, and services to homeless youth, youth at risk of homelessness, and runaways. Information, referrals, and services provided may include, but are not limited to:

(1) family reunification services;

(2) conflict resolution or mediation counseling;

(3) assistance in obtaining temporary emergency shelter;

(4) assistance in obtaining food, clothing, medical care, or mental health counseling;

(5) counseling regarding violence, prostitution, substance abuse, sexually transmitted diseases, and pregnancy;

(6) referrals to other agencies that provide support services to homeless youth, youth at risk of homelessness, and runaways;

(7) assistance with education, employment, and independent living skills;

(8) aftercare services;

(9) specialized services for highly vulnerable runaways and homeless youth, including teen parents, emotionally disturbed and mentally ill youth, and sexually exploited youth; and

(10) homelessness prevention.

Subd. 4. **Emergency shelter program.** (a) Emergency shelter programs must provide homeless youth and runaways with referral and walk-in access to emergency, short-term residential care. The program shall provide homeless youth and runaways with safe, dignified shelter, including private shower facilities, beds, and at least one meal each day; and shall assist a runaway and homeless youth with reunification with the family or legal guardian when required or appropriate.

(b) The services provided at emergency shelters may include, but are not limited to:

(1) family reunification services;

(2) individual, family, and group counseling;

(3) assistance obtaining clothing;

(4) access to medical and dental care and mental health counseling;

(5) education and employment services;

(6) recreational activities;

(7) advocacy and referral services;

(8) independent living skills training;

(9) aftercare and follow-up services;

(10) transportation; and

(11) homelessness prevention.

Subd. 5. **Supportive housing and transitional living programs.** Transitional living programs must help homeless youth and youth at risk of homelessness to find and maintain safe, dignified housing. The program may also provide rental assistance and related supportive services, or refer youth to other organizations or agencies that provide such services. Services provided may include, but are not limited to:

(1) educational assessment and referrals to educational programs;

(2) career planning, employment, work skill training, and independent living skills training;

(3) job placement;

(4) budgeting and money management;

(5) assistance in securing housing appropriate to needs and income;

(6) counseling regarding violence, prostitution, substance abuse, sexually transmitted diseases, and pregnancy;

(7) referral for medical services or chemical dependency treatment;

(8) parenting skills;

(9) self-sufficiency support services or life skill training;

(10) aftercare and follow-up services; and

(11) homelessness prevention.

Subd. 6. **Funding.** ~~Any~~ Funds appropriated for this section may be expended on programs described under subdivisions 3 to 5, technical assistance, and capacity building~~. Up to four percent of funds appropriated may be used for the purpose of monitoring and evaluating runaway and homeless youth programs receiving funding under this section. Funding shall be directed to meet the greatest need, with a significant share of the funding focused on homeless youth providers in greater Minnesota~~ to meet the greatest need on a statewide basis.

Sec. 11. Minnesota Statutes 2012, section 257.0755, subdivision 1, is amended to read:

Subdivision 1. **Creation.** ~~One~~ Each ombudsperson shall operate independently from but in collaboration with ~~each of the following groups~~ the community-specific board that appointed the ombudsperson under section 257.0768: the Indian Affairs Council, the Council on Affairs of Chicano/Latino people, the Council on Black Minnesotans, and the Council on Asian-Pacific Minnesotans.

Sec. 12. Minnesota Statutes 2012, section 260B.007, subdivision 6, is amended to read:

Subd. 6. **Delinquent child.** (a) Except as otherwise provided in paragraphs (b) and (c), "delinquent child" means a child:

(1) who has violated any state or local law, except as provided in section 260B.225, subdivision 1, and except for juvenile offenders as described in subdivisions 16 to 18;

(2) who has violated a federal law or a law of another state and whose case has been referred to the juvenile court if the violation would be an act of delinquency if committed in this state or a crime or offense if committed by an adult;

(3) who has escaped from confinement to a state juvenile correctional facility after being committed to the custody of the commissioner of corrections; or

(4) who has escaped from confinement to a local juvenile correctional facility after being committed to the facility by the court.

(b) The term delinquent child does not include a child alleged to have committed murder in the first degree after becoming 16 years of age, but the term delinquent child does include a child alleged to have committed attempted murder in the first degree.

(c) The term delinquent child does not include a child ~~under the age of 16 years~~ alleged to have engaged in conduct which would, if committed by an adult, violate any federal, state, or local law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to offenses committed on or after that date.

Sec. 13. Minnesota Statutes 2012, section 260B.007, subdivision 16, is amended to read:

Subd. 16. **Juvenile petty offender; juvenile petty offense.** (a) "Juvenile petty offense" includes a juvenile alcohol offense, a juvenile controlled substance offense, a violation of section 609.685, or a violation of a local ordinance, which by its terms prohibits conduct by a child under the age of 18 years which would be lawful conduct if committed by an adult.

(b) Except as otherwise provided in paragraph (c), "juvenile petty offense" also includes an offense that would be a misdemeanor if committed by an adult.

(c) "Juvenile petty offense" does not include any of the following:

(1) a misdemeanor-level violation of section 518B.01, 588.20, 609.224, 609.2242, 609.324, subdivision 2 or 3, 609.5632, 609.576, 609.66, 609.746, 609.748, 609.79, or 617.23;

(2) a major traffic offense or an adult court traffic offense, as described in section 260B.225;

(3) a misdemeanor-level offense committed by a child whom the juvenile court previously has found to have committed a misdemeanor, gross misdemeanor, or felony offense; or

(4) a misdemeanor-level offense committed by a child whom the juvenile court has found to have committed a misdemeanor-level juvenile petty offense on two or more prior occasions, unless the county attorney designates the child on the petition as a juvenile petty offender notwithstanding this prior record. As used in this clause, "misdemeanor-level juvenile petty offense" includes a misdemeanor-level offense that would have been a juvenile petty offense if it had been committed on or after July 1, 1995.

(d) A child who commits a juvenile petty offense is a "juvenile petty offender." The term juvenile petty offender does not include a child ~~under the age of 16 years~~ alleged to have violated any law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct which, if committed by an adult, would be a misdemeanor.

EFFECTIVE DATE. This section is effective August 1, 2014, and applies to offenses committed on or after that date.

Sec. 14. Minnesota Statutes 2012, section 260C.007, subdivision 6, is amended to read:

Subd. 6. **Child in need of protection or services.** "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse as defined in section 626.556, subdivision 2, (ii) resides with or has resided with a victim of child abuse as defined in subdivision 5 or domestic child abuse as defined in subdivision 13, (iii) resides with or would reside with a perpetrator of domestic child abuse as defined in subdivision 13 or child abuse as defined in subdivision 5 or 13, or (iv) is a victim of emotional maltreatment as defined in subdivision 15;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or physicians' reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, including a child who entered foster care under a voluntary placement agreement between the parent and the responsible social services agency under section 260C.227;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;

(11) ~~has engaged in prostitution as defined in section 609.321, subdivision 9~~ is a sexually exploited youth;

(12) has committed a delinquent act or a juvenile petty offense before becoming ten years old;

(13) is a runaway;

(14) is a habitual truant;

(15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260B.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense; or

(16) has a parent whose parental rights to one or more other children were involuntarily terminated or whose custodial rights to another child have been involuntarily transferred to a relative and there is a case plan prepared by the responsible social services agency documenting a compelling reason why filing the termination of parental rights petition under section 260C.301, subdivision 3, is not in the best interests of the child~~; or~~.

~~(17) is a sexually exploited youth.~~

EFFECTIVE DATE. This section is effective August 1, 2014.

Sec. 15. Minnesota Statutes 2012, section 260C.007, subdivision 31, is amended to read:

Subd. 31. **Sexually exploited youth.** "Sexually exploited youth" means an individual who:

(1) is alleged to have engaged in conduct which would, if committed by an adult, violate any federal, state, or local law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct;

(2) is a victim of a crime described in section 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3453, 609.352, 617.246, or 617.247;

(3) is a victim of a crime described in United States Code, title 18, section 2260; 2421; 2422; 2423; 2425; 2425A; or 2256; or

(4) is a sex trafficking victim as defined in section 609.321, subdivision 7b.

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

Sec. 16. Laws 1998, chapter 407, article 6, section 116, is amended to read:

Sec. 116. **EBT TRANSACTION COSTS~~; APPROVAL FROM LEGISLATURE~~.** The commissioner of human services shall ~~request and receive approval from the legislature before adjusting the payment to~~ not subsidize retailers for electronic benefit transfer ~~transaction costs~~ Supplemental Nutrition Assistance Program transactions.

EFFECTIVE DATE. This section is effective 30 days after the commissioner notifies retailers of the termination of their agreement with the state. The commissioner of human services must notify the revisor of statutes of that date.

Sec. 17. **INCLUSION OF OTHER HEALTH-RELATED OCCUPATIONS TO CRIMINAL BACKGROUND CHECKS.**

(a) If the Department of Health is not reviewed by the Sunset Advisory Commission according to the schedule in Minnesota Statutes, section 3D.21, the commissioner of health, as the regulator for occupational therapy practitioners, speech-language pathologists, audiologists, and hearing instrument dispensers, shall require applicants for licensure or renewal to submit to a criminal history records check as required under Minnesota Statutes, section 214.075, for other health-related licensed occupations regulated by the health-related licensing boards.

(b) Any statutory changes necessary to include the commissioner of health to Minnesota Statutes, section 214.075, shall be included in the plan required in Minnesota Statutes, section 214.075, subdivision 8.

Sec. 18. **DIRECTION TO COMMISSIONERS; INCOME AND ASSET EXCLUSION.**

(a) The commissioner of human services shall not count conditional cash transfers made to families participating in a family independence demonstration as income or assets for purposes of determining or redetermining eligibility for child care assistance programs under Minnesota Statutes, chapter 119B; general assistance under Minnesota Statutes, chapter 256D; group residential housing under Minnesota Statutes, chapter 256I; the Minnesota family investment program, work benefit program, or diversionary work program under Minnesota Statutes, chapter 256J; or the MinnesotaCare program under Minnesota Statutes, chapter 256L, during the duration of the demonstration.

(b) The commissioner of human services shall not count conditional cash transfers made to families participating in a family independence demonstration as income or assets for purposes of determining or redetermining eligibility for medical assistance, except that for enrollees subject to a modified adjusted gross income calculation to determine eligibility, the conditional cash transfer payments shall be counted as income if they are included on the enrollee's federal tax return as income or if the payments can be taken into account in the month of receipt as a lump sum payment.

(c) The commissioner of the Minnesota Housing Finance Agency shall not count conditional cash transfers made to families participating in a family independence demonstration as income or assets for purposes of determining or redetermining eligibility for housing assistance programs under Minnesota Statutes, section 462A.201, during the duration of the demonstration. For purposes of this section:

(1) "conditional cash transfer" means a payment made to a participant in a family independence demonstration by a sponsoring organization to incent, support, or facilitate participation; and

(2) "family independence demonstration" means an initiative sponsored or cosponsored by a governmental or nongovernmental organization, the goal of which is to facilitate individualized goal setting and peer support for cohorts of no more than 12 families each toward the development of financial and nonfinancial assets that enable the participating families to achieve financial independence.

Sec. 19. **REPEALER.**

(a) Minnesota Statutes 2012, sections 256J.24, subdivision 6; and 256K.45, subdivision 2, are repealed.

(b) Minnesota Statutes 2012, section 609.093, is repealed.

EFFECTIVE DATE. Paragraph (b) is effective the day following final enactment.

ARTICLE 11
HOME CARE PROVIDERS

Section 1. Minnesota Statutes 2012, section 144.051, is amended by adding a subdivision to read:

Subd. 3. **Data classification; private data.** For providers regulated pursuant to sections 144A.43 to 144A.482, the following data collected, created, or maintained by the commissioner are classified as "private data" as defined in section 13.02, subdivision 12:

(1) data submitted by or on behalf of applicants for licenses prior to issuance of the license;

(2) the identity of complainants who have made reports concerning licensees or applicants unless the complainant consents to the disclosure;

(3) the identity of individuals who provide information as part of surveys and investigations;

(4) Social Security numbers; and

(5) health record data.

Sec. 2. Minnesota Statutes 2012, section 144.051, is amended by adding a subdivision to read:

Subd. 4. **Data classification; public data.** For providers regulated pursuant to sections 144A.43 to 144A.482, the following data collected, created, or maintained by the commissioner are classified as "public data" as defined in section 13.02, subdivision 15:

(1) all application data on licensees, license numbers, license status;

(2) licensing information about licenses previously held under this chapter;

(3) correction orders, including information about compliance with the order and whether the fine was paid;

(4) final enforcement actions pursuant to chapter 14;

(5) orders for hearing, findings of fact and conclusions of law; and

(6) when the licensee and department agree to resolve the matter without a hearing, the agreement and specific reasons for the agreement are public data.

Sec. 3. Minnesota Statutes 2012, section 144.051, is amended by adding a subdivision to read:

Subd. 5. **Data classification; confidential data.** For providers regulated pursuant to sections 144A.43 to 144A.482, the following data collected, created, or maintained by the Department of Health are classified as "confidential data" as defined in section 13.02, subdivision 3: active investigative data relating to the investigation of potential violations of law by licensee including data from the survey process before the correction order is issued by the department.

Sec. 4. Minnesota Statutes 2012, section 144.051, is amended by adding a subdivision to read:

Subd. 6. **Release of private or confidential data.** For providers regulated pursuant to sections 144A.43 to 144A.482, the department may release private or confidential data, except Social Security numbers, to the appropriate state, federal, or local agency and law enforcement office to enhance investigative or enforcement

efforts or further public health protective process. Types of offices include, but are not limited to, Adult Protective Services, Office of the Ombudsmen for Long-Term Care and Office of the Ombudsmen for Mental Health and Developmental Disabilities, the health licensing boards, Department of Human Services, county or city attorney's offices, police, and local or county public health offices.

Sec. 5. Minnesota Statutes 2012, section 144A.43, is amended to read:

144A.43 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to sections 144.699, subdivision 2, and 144A.43 to ~~144A.47~~ 144A.482.

Subd. 1a. **Agent.** "Agent" means the person upon whom all notices and orders shall be served and who is authorized to accept service of notices and orders on behalf of the home care provider.

Subd. 1b. **Applicant.** "Applicant" means an individual, organization, association, corporation, unit of government, or other entity that applies for a temporary license, license, or renewal of their home care provider license under section 144A.472.

Subd. 1c. **Client.** "Client" means a person to whom home care services are provided.

Subd. 1d. **Client record.** "Client record" means all records that document information about the home care services provided to the client by the home care provider.

Subd. 1e. **Client representative.** "Client representative" means a person who, because of the client's needs, makes decisions about the client's care on behalf of the client. A client representative may be a guardian, health care agent, family member, or other agent of the client. Nothing in this section expands or diminishes the rights of persons to act on behalf of clients under other law.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of health.

Subd. 2a. **Controlled substance.** "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Subd. 2b. **Department.** "Department" means the Minnesota Department of Health.

Subd. 2c. **Dietary supplement.** "Dietary supplement" means a product taken by mouth that contains a "dietary ingredient" intended to supplement the diet. Dietary ingredients may include vitamins, minerals, herbs or other botanicals, amino acids, and substances such as enzymes, organ tissue, glandulars, or metabolites.

Subd. 2d. **Dietitian.** "Dietitian" is a person licensed under sections 148.621 to 148.633.

Subd. 2e. **Dietetics or nutrition practice.** "Dietetics or nutrition practice" is performed by a licensed dietician or licensed nutritionist and includes the activities of assessment, setting priorities and objectives, providing nutrition counseling, developing and implementing nutrition care services, and evaluating and maintaining appropriate standards of quality of nutrition care under sections 148.621 to 148.633.

Subd. 3. **Home care service.** "Home care service" means any of the following services ~~when~~ delivered in ~~a place of residence to~~ the home of a person whose illness, disability, or physical condition creates a need for the service:

~~(1) nursing services, including the services of a home health aide;~~

~~(2) personal care services not included under sections 148.171 to 148.285;~~

~~(3) physical therapy;~~

~~(4) speech therapy;~~

~~(5) respiratory therapy;~~

~~(6) occupational therapy;~~

~~(7) nutritional services;~~

~~(8) home management services when provided to a person who is unable to perform these activities due to illness, disability, or physical condition. Home management services include at least two of the following services: housekeeping, meal preparation, and shopping;~~

~~(9) medical social services;~~

~~(10) the provision of medical supplies and equipment when accompanied by the provision of a home care service; and~~

~~(11) other similar medical services and health-related support services identified by the commissioner in rule.~~

~~"Home care service" does not include the following activities conducted by the commissioner of health or a board of health as defined in section 145A.02, subdivision 2: communicable disease investigations or testing; administering or monitoring a prescribed therapy necessary to control or prevent a communicable disease; or the monitoring of an individual's compliance with a health directive as defined in section 144.4172, subdivision 6.~~

(1) assistive tasks provided by unlicensed personnel;

(2) services provided by a registered nurse or licensed practical nurse, physical therapist, respiratory therapist, occupational therapist, speech-language pathologist, dietitian or nutritionist, or social worker;

(3) medication and treatment management services; or

(4) the provision of durable medical equipment services when provided with any of the home care services listed in clauses (1) to (3).

Subd. 3a. **Hands-on-assistance.** "Hands-on-assistance" means physical help by another person without which the client is not able to perform the activity.

Subd. 3b. **Home.** "Home" means the client's temporary or permanent place of residence.

Subd. 4. **Home care provider.** "Home care provider" means an individual, organization, association, corporation, unit of government, or other entity that is regularly engaged in the delivery of at least one home care service, directly ~~or by contractual arrangement, of home care services~~ in a client's home for a fee and who has a valid current temporary license or license issued under sections 144A.43 to 144A.482. ~~At least one home care service must be provided directly, although additional home care services may be provided by contractual arrangements. "Home care provider" does not include:~~

~~(1) any home care or nursing services conducted by and for the adherents of any recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing;~~

~~(2) an individual who only provides services to a relative;~~

~~(3) an individual not connected with a home care provider who provides assistance with home management services or personal care needs if the assistance is provided primarily as a contribution and not as a business;~~

~~(4) an individual not connected with a home care provider who shares housing with and provides primarily housekeeping or homemaking services to an elderly or disabled person in return for free or reduced cost housing;~~

~~(5) an individual or agency providing home delivered meal services;~~

~~(6) an agency providing senior companion services and other older American volunteer programs established under the Domestic Volunteer Service Act of 1973, Public Law 98 288;~~

~~(7) an employee of a nursing home licensed under this chapter or an employee of a boarding care home licensed under sections 144.50 to 144.56 who responds to occasional emergency calls from individuals residing in a residential setting that is attached to or located on property contiguous to the nursing home or boarding care home;~~

~~(8) a member of a professional corporation organized under chapter 319B that does not regularly offer or provide home care services as defined in subdivision 3;~~

~~(9) the following organizations established to provide medical or surgical services that do not regularly offer or provide home care services as defined in subdivision 3: a business trust organized under sections 318.01 to 318.04, a nonprofit corporation organized under chapter 317A, a partnership organized under chapter 323, or any other entity determined by the commissioner;~~

~~(10) an individual or agency that provides medical supplies or durable medical equipment, except when the provision of supplies or equipment is accompanied by a home care service;~~

~~(11) an individual licensed under chapter 147; or~~

~~(12) an individual who provides home care services to a person with a developmental disability who lives in a place of residence with a family, foster family, or primary caregiver.~~

~~Subd. 5. **Medication reminder.** "Medication reminder" means providing a verbal or visual reminder to a client to take medication. This includes bringing the medication to the client and providing liquids or nutrition to accompany medication that a client is self administering.~~

Subd. 6. **License.** "License" means a basic or comprehensive home care license issued by the commissioner to a home care provider.

Subd. 7. **Licensed health professional.** "Licensed health professional" means a person, other than a registered nurse or licensed practical nurse, who provides home care services within the scope of practice of the person's health occupation license, registration, or certification as regulated and who is licensed by the appropriate Minnesota state board or agency.

Subd. 8. **Licensee.** "Licensee" means a home care provider that is licensed under this chapter.

Subd. 9. **Managerial official.** "Managerial official" means an administrator, director, officer, trustee, or employee of a home care provider, however designated, who has the authority to establish or control business policy.

Subd. 10. **Medication.** "Medication" means a prescription or over-the-counter drug. For purposes of this chapter only, medication includes dietary supplements.

Subd. 11. **Medication administration.** "Medication administration" means performing a set of tasks to ensure a client takes medications, and includes the following:

(1) checking the client's medication record;

(2) preparing the medication as necessary;

(3) administering the medication to the client;

(4) documenting the administration or reason for not administering the medication; and

(5) reporting to a nurse any concerns about the medication, the client, or the client's refusal to take the medication.

Subd. 12. **Medication management.** "Medication management" means the provision of any of the following medication-related services to a client:

(1) performing medication setup;

(2) administering medication;

(3) storing and securing medications;

(4) documenting medication activities;

(5) verifying and monitoring effectiveness of systems to ensure safe handling and administration;

(6) coordinating refills;

(7) handling and implementing changes to prescriptions;

(8) communicating with the pharmacy about the client's medications; and

(9) coordinating and communicating with the prescriber.

Subd. 13. **Medication setup.** "Medication setup" means arranging medications by a nurse, pharmacy, or authorized prescriber for later administration by the client or by comprehensive home care staff.

Subd. 14. **Nurse.** "Nurse" means a person who is licensed under sections 148.171 to 148.285.

Subd. 15. **Occupational therapist.** "Occupational therapist" means a person who is licensed under sections 148.6401 to 148.6450.

Subd. 16. **Over-the-counter drug.** "Over-the-counter drug" means a drug that is not required by federal law to bear the symbol "Rx only."

Subd. 17. **Owner.** "Owner" means a proprietor, general partner, limited partner who has five percent or more of equity interest in a limited partnership, a person who owns or controls voting stock in a corporation in an amount equal to or greater than five percent of the shares issued and outstanding, or a corporation that owns equity interest in a licensee or applicant for a license.

Subd. 18. **Pharmacist.** "Pharmacist" has the meaning given in section 151.01, subdivision 3.

Subd. 19. **Physical therapist.** "Physical therapist" means a person who is licensed under sections 148.65 to 148.78.

Subd. 20. **Physician.** "Physician" means a person who is licensed under chapter 147.

Subd. 21. **Prescriber.** "Prescriber" means a person who is authorized by sections 148.235; 151.01, subdivision 23; and 151.37, to prescribe prescription drugs.

Subd. 22. **Prescription.** "Prescription" has the meaning given in section 151.01, subdivision 16.

Subd. 23. **Regularly scheduled.** "Regularly scheduled" means ordered or planned to be completed at predetermined times or according to a predetermined routine.

Subd. 24. **Reminder.** "Reminder" means providing a verbal or visual reminder to a client.

Subd. 25. **Respiratory therapist.** "Respiratory therapist" means a person who is licensed under chapter 147C.

Subd. 26. **Revenues.** "Revenues" means all money received by a licensee derived from the provision of home care services, including fees for services and appropriations of public money for home care services.

Subd. 27. **Service plan.** "Service plan" means the written plan between the client or client's representative and the temporary licensee or licensee about the services that will be provided to the client.

Subd. 28. **Social worker.** "Social worker" means a person who is licensed under chapter 148D or 148E.

Subd. 29. **Speech language pathologist.** "Speech language pathologist" has the meaning given in section 148.512.

Subd. 30. **Standby assistance.** "Standby assistance" means the presence of another person within arm's reach to minimize the risk of injury while performing daily activities through physical intervention or cuing.

Subd. 31. **Substantial compliance.** "Substantial compliance" means complying with the requirements in this chapter sufficiently to prevent unacceptable health or safety risks to the home care client.

Subd. 32. **Survey.** "Survey" means an inspection of a licensee or applicant for licensure for compliance with this chapter.

Subd. 33. **Surveyor.** "Surveyor" means a staff person of the department authorized to conduct surveys of home care providers and applicants.

Subd. 34. **Temporary license.** "Temporary license" means the initial basic or comprehensive home care license the department issues after approval of a complete written application and before the department completes the temporary license survey and determines that the temporary licensee is in substantial compliance.

Subd. 35. **Treatment or therapy.** "Treatment" or "therapy" means the provision of care, other than medications, ordered or prescribed by a licensed health professional provided to a client to cure, rehabilitate, or ease symptoms.

Subd. 36. **Unit of government.** "Unit of government" means every city, county, town, school district, other political subdivisions of the state, and any agency of the state or federal government, which includes any instrumentality of a unit of government.

Subd. 37. **Unlicensed personnel.** "Unlicensed personnel" are individuals not otherwise licensed or certified by a governmental health board or agency who provide home care services in the client's home.

Subd. 38. **Verbal.** "Verbal" means oral and not in writing.

Sec. 6. Minnesota Statutes 2012, section 144A.44, is amended to read:

144A.44 HOME CARE BILL OF RIGHTS.

Subdivision 1. **Statement of rights.** A person who receives home care services has these rights:

(1) the right to receive written information about rights ~~in advance of~~ before receiving ~~care or during the initial evaluation visit before the initiation of treatment~~ services, including what to do if rights are violated;

(2) the right to receive care and services according to a suitable and up-to-date plan, and subject to accepted health care, medical or nursing standards, to take an active part in ~~creating and changing the plan~~ developing, modifying, and evaluating ~~care~~ the plan and services;

(3) the right to be told ~~in advance of~~ before receiving ~~care about the~~ services ~~that will be provided, the disciplines that will furnish care~~ the type and disciplines of staff who will be providing the services, the frequency of visits proposed to be furnished, other choices that are available for addressing home care needs, and ~~the consequences of these choices including~~ the potential consequences of refusing these services;

(4) the right to be told in advance of any ~~change~~ recommended changes by the provider in the service plan ~~of care~~ and to take an active part in any ~~change~~ decisions about changes to the service plan;

(5) the right to refuse services or treatment;

(6) the right to know, ~~in advance~~ before receiving services or during the initial visit, any limits to the services available from a home care provider~~, and the provider's grounds for a termination of services~~;

~~(7) the right to know in advance of receiving care whether the services are covered by health insurance, medical assistance, or other health programs, the charges for services that will not be covered by Medicare, and the charges that the individual may have to pay;~~

~~(8)~~ (7) the right to ~~know~~ be told before services are initiated what the provider charges are for the services, ~~no matter who will be paying the bill~~ and if known to what extent payment may be expected from health insurance, public programs or other sources, and what charges the client may be responsible for paying;

~~(9)~~ (8) the right to know that there may be other services available in the community, including other home care services and providers, and to know where to ~~go for~~ find information about these services;

~~(10)~~ (9) the right to choose freely among available providers and to change providers after services have begun, within the limits of health insurance, long-term care insurance, medical assistance, or other health programs;

~~(11)~~ (10) the right to have personal, financial, and medical information kept private, and to be advised of the provider's policies and procedures regarding disclosure of such information;

~~(12)~~ (11) the right to ~~be allowed~~ access ~~to~~ the client's own records and written information from those records in accordance with sections 144.291 to 144.298;

~~(13)~~ (12) the right to be served by people who are properly trained and competent to perform their duties;

~~(14)~~ (13) the right to be treated with courtesy and respect, and to have the ~~patient's~~ client's property treated with respect;

~~(15)~~ (14) the right to be free from physical and verbal abuse, neglect, financial exploitation, and all forms of maltreatment covered under the Vulnerable Adults Act and the Maltreatment of Minors Act;

~~(16)~~ (15) the right to reasonable, advance notice of changes in services or charges~~, including:~~

(16) the right to know the provider's reason for termination of services;

(17) the right to at least ten days' advance notice of the termination of a service by a provider, except in cases where:

(i) the ~~recipient of services~~ client engages in conduct that significantly alters the ~~conditions of employment as specified in the employment contract between~~ terms of the service plan with the home care provider ~~and the individual providing home care services, or creates~~;

(ii) the client, person who lives with the client, or others create an abusive or unsafe work environment for the ~~individual~~ person providing home care services; or

~~(ii)~~ (iii) an emergency ~~for the informal caregiver~~ or a significant change in the ~~recipient's~~ client's condition has resulted in service needs that exceed the current service ~~provider agreement~~ plan and that cannot be safely met by the home care provider;

~~(17)~~ (18) the right to a coordinated transfer when there will be a change in the provider of services;

~~(18)~~ (19) the right to ~~voice grievances regarding treatment or care that is~~ complain about services that are provided, or ~~fails to be, furnished, or regarding~~ fail to be provided, and the lack of courtesy or respect to the ~~patient~~ client or the ~~patient's~~ client's property;

~~(19)~~ (20) the right to know how to contact an individual associated with the home care provider who is responsible for handling problems and to have the home care provider investigate and attempt to resolve the grievance or complaint;

~~(20)~~ (21) the right to know the name and address of the state or county agency to contact for additional information or assistance; and

~~(21)~~ (22) the right to assert these rights personally, or have them asserted by the ~~patient's family or guardian when the patient has been judged incompetent,~~ client's representative or by anyone on behalf of the client, without retaliation.

Subd. 2. **Interpretation and enforcement of rights.** These rights are established for the benefit of ~~persons~~ clients who receive home care services. ~~"Home care services" means home care services as defined in section 144A.43, subdivision 3, and unlicensed personal care assistance services, including services covered by medical assistance under section 256B.0625, subdivision 19a.~~ All home care providers, including those exempted under section 144A.471, must comply with this section. The commissioner shall enforce this section and the home care bill of rights requirement against home care providers exempt from licensure in the same manner as for licensees. A home care provider may not request or require a ~~person~~ client to surrender any of these rights as a condition of receiving services. ~~A guardian or conservator or, when there is no guardian or conservator, a designated person, may seek to enforce these rights.~~ This statement of rights does not replace or diminish other rights and liberties that may exist relative to ~~persons~~ clients receiving home care services, persons providing home care services, or providers licensed under ~~Laws 1987, chapter 378. A copy of these rights must be provided to an individual at the time home care services, including personal care assistance services, are initiated. The copy shall also contain the address and phone number of the Office of Health Facility Complaints and the Office of Ombudsman for Long-Term Care and a brief statement describing how to file a complaint with these offices. Information about how to contact the Office of Ombudsman for Long-Term Care shall be included in notices of change in client fees and in notices where home care providers initiate transfer or discontinuation of services~~ sections 144A.43 to 144A.482.

Sec. 7. Minnesota Statutes 2012, section 144A.45, is amended to read:

144A.45 REGULATION OF HOME CARE SERVICES.

Subdivision 1. **~~Rules~~ Regulations.** The commissioner shall ~~adopt rules for the regulation of~~ regulate home care providers pursuant to sections 144A.43 to ~~144A.47~~ 144A.482. The ~~rules~~ regulations shall include the following:

(1) provisions to assure, to the extent possible, the health, safety and well-being, and appropriate treatment of persons who receive home care services while respecting clients' autonomy and choice;

(2) requirements that home care providers furnish the commissioner with specified information necessary to implement sections 144A.43 to ~~144A.47~~ 144A.482;

(3) standards of training of home care provider personnel~~, which may vary according to the nature of the services provided or the health status of the consumer~~;

(4) standards for provision of home care services;

~~(4)~~ (5) standards for medication management ~~which may vary according to the nature of the services provided, the setting in which the services are provided, or the status of the consumer. Medication management includes the central storage, handling, distribution, and administration of medications~~;

~~(5)~~ (6) standards for supervision of home care services ~~requiring supervision by a registered nurse or other appropriate health care professional which must occur on site at least every 62 days, or more frequently if indicated by a clinical assessment, and in accordance with sections 148.171 to 148.285 and rules adopted thereunder, except that a person performing home care aide tasks for a class B licensee providing paraprofessional services does not require nursing supervision~~;

~~(6)~~ (7) standards for client evaluation or assessment ~~which may vary according to the nature of the services provided or the status of the consumer~~;

~~(7)~~ (8) requirements for the involvement of a ~~consumer's physician~~ client's health care provider, the documentation of ~~physicians'~~ health care providers' orders, if required, and the ~~consumer's treatment~~ client's service plan~~, and~~;

(9) the maintenance of accurate, current ~~clinical~~ client records;

~~(8)~~ (10) the establishment of ~~different classes~~ basic and comprehensive levels of licenses ~~for different types of providers and different standards and requirements for different kinds of home care~~ based on services provided; and

~~(9) operating procedures required to implement~~ (11) provisions to enforce these regulations and the home care bill of rights.

~~Subd. 1a. **Home care aide tasks.** Notwithstanding the provisions of Minnesota Rules, part 4668.0110, subpart 1, item E, home care aide tasks also include assisting toileting, transfers, and ambulation if the client is ambulatory and if the client has no serious acute illness or infectious disease.~~

~~Subd. 1b. **Home health aide qualifications.** Notwithstanding the provisions of Minnesota Rules, part 4668.0100, subpart 5, a person may perform home health aide tasks if the person maintains current registration as a nursing assistant on the Minnesota nursing assistant registry. Maintaining current registration on the Minnesota nursing assistant registry satisfies the documentation requirements of Minnesota Rules, part 4668.0110, subpart 3.~~

Subd. 2. **Regulatory functions.** ~~(a)~~ The commissioner shall:

(1) ~~evaluate, monitor, and~~ license, survey, and monitor without advance notice, home care providers in accordance with sections ~~144A.45 to 144A.47~~ 144A.43 to 144A.482;

~~(2) inspect the office and records of a provider during regular business hours without advance notice to the home care provider;~~

(2) survey every temporary licensee within one year of the temporary license issuance date subject to the temporary licensee providing home care services to a client or clients;

(3) survey all licensed home care providers on an interval that will promote the health and safety of clients;

~~(3)~~ (4) with the consent of the ~~consumer~~ client, visit the home where services are being provided;

~~(4)~~ (5) issue correction orders and assess civil penalties in accordance with section 144.653, subdivisions 5 to 8, for violations of sections 144A.43 to ~~144A.47 or the rules adopted under those sections~~ 144A.482;

~~(5)~~ (6) take action as authorized in section ~~144A.46, subdivision 3~~ 144A.475; and

~~(6)~~ (7) take other action reasonably required to accomplish the purposes of sections 144A.43 to ~~144A.47~~ 144A.482.

~~(b) In the exercise of the authority granted in sections 144A.43 to 144A.47, the commissioner shall comply with the applicable requirements of section 144.122, the Government Data Practices Act, and the Administrative Procedure Act.~~

~~Subd. 4. **Medicaid reimbursement.** Notwithstanding the provisions of section 256B.37 or state plan requirements to the contrary, certification by the federal Medicare program must not be a requirement of Medicaid payment for services delivered under section 144A.4605.~~

~~Subd. 5. **Home care providers; services for Alzheimer's disease or related disorder.** (a) If a home care provider licensed under section 144A.46 or 144A.4605 markets or otherwise promotes services for persons with Alzheimer's disease or related disorders, the facility's direct care staff and their supervisors must be trained in dementia care.~~

~~(b) Areas of required training include:~~

~~(1) an explanation of Alzheimer's disease and related disorders;~~

~~(2) assistance with activities of daily living;~~

~~(3) problem solving with challenging behaviors; and~~

~~(4) communication skills.~~

~~(c) The licensee shall provide to consumers in written or electronic form a description of the training program, the categories of employees trained, the frequency of training, and the basic topics covered.~~

Sec. 8. **[144A.471] HOME CARE PROVIDER AND HOME CARE SERVICES.**

Subdivision 1. **License required.** A home care provider may not open, operate, manage, conduct, maintain, or advertise itself as a home care provider or provide home care services in Minnesota without a temporary or current home care provider license issued by the commissioner of health.

Subd. 2. **Determination of direct home care service.** "Direct home care service" means a home care service provided to a client by the home care provider or its employees, and not by contract. Factors that must be considered in determining whether an individual or a business entity provides at least one home care service directly include, but are not limited to, whether the individual or business entity:

(1) has the right to control, and does control, the types of services provided;

(2) has the right to control, and does control, when and how the services are provided;

(3) establishes the charges;

(4) collects fees from the clients or receives payment from third-party payers on the clients' behalf;

(5) pays individuals providing services compensation on an hourly, weekly, or similar basis;

(6) treats the individuals providing services as employees for the purposes of payroll taxes and workers' compensation insurance; and

(7) holds itself out as a provider of home care services or acts in a manner that leads clients or potential clients to believe that it is a home care provider providing home care services.

None of the factors listed in this subdivision is solely determinative.

Subd. 3. **Determination of regularly engaged.** "Regularly engaged" means providing, or offering to provide, home care services as a regular part of a business. The following factors must be considered by the commissioner in determining whether an individual or a business entity is regularly engaged in providing home care services:

(1) whether the individual or business entity states or otherwise promotes that the individual or business entity provides home care services;

(2) whether persons receiving home care services constitute a substantial part of the individual's or the business entity's clientele; and

(3) whether the home care services provided are other than occasional or incidental to the provision of services other than home care services.

None of the factors listed in this subdivision is solely determinative.

Subd. 4. **Penalties for operating without license.** A person involved in the management, operation, or control of a home care provider that operates without an appropriate license is guilty of a misdemeanor. This section does not apply to a person who has no legal authority to affect or change decisions related to the management, operation, or control of a home care provider.

Subd. 5. **Basic and comprehensive levels of licensure.** An applicant seeking to become a home care provider must apply for either a basic or comprehensive home care license.

Subd. 6. **Basic home care license provider.** Home care services that can be provided with a basic home care license are assistive tasks provided by licensed or unlicensed personnel that include:

(1) assisting with dressing, self-feeding, oral hygiene, hair care, grooming, toileting, and bathing;

(2) providing standby assistance;

(3) providing verbal or visual reminders to the client to take regularly scheduled medication which includes bringing the client previously set-up medication, medication in original containers, or liquid or food to accompany the medication;

(4) providing verbal or visual reminders to the client to perform regularly scheduled treatments and exercises;

(5) preparing modified diets ordered by a licensed health professional; and

(6) assisting with laundry, housekeeping, meal preparation, shopping, or other household chores and services if the provider is also providing at least one of the activities in clauses (1) to (5)

Subd. 7. **Comprehensive home care license provider.** Home care services that may be provided with a comprehensive home care license include any of the basic home care services listed in subdivision 6, and one or more of the following:

(1) services of an advanced practice nurse, registered nurse, licensed practical nurse, physical therapist, respiratory therapist, occupational therapist, speech-language pathologist, dietician or nutritionist, or social worker;

(2) tasks delegated to unlicensed personnel by a registered nurse or assigned by a licensed health professional within the person's scope of practice;

(3) medication management services;

(4) hands-on assistance with transfers and mobility;

(5) assisting clients with eating when the clients have complicating eating problems as identified in the client record or through an assessment such as difficulty swallowing, recurrent lung aspirations, or requiring the use of a tube or parenteral or intravenous instruments to be fed; or

(6) providing other complex or specialty health care services.

Subd. 8. **Exemptions from home care services licensure.** (a) Except as otherwise provided in this chapter, home care services that are provided by the state, counties, or other units of government must be licensed under this chapter.

(b) An exemption under this subdivision does not excuse the exempted individual or organization from complying with applicable provisions of the home care bill of rights in section 144A.44. The following individuals or organizations are exempt from the requirement to obtain a home care provider license:

(1) an individual or organization that offers, provides, or arranges for personal care assistance services under the medical assistance program as authorized under sections 256B.04, subdivision 16; 256B.0625, subdivision 19a; and 256B.0659;

(2) a provider that is licensed by the commissioner of human services to provide semi-independent living services for persons with developmental disabilities under section 252.275 and Minnesota Rules, parts 9525.0900 to 9525.1020;

(3) a provider that is licensed by the commissioner of human services to provide home and community-based services for persons with developmental disabilities under section 256B.092 and Minnesota Rules, parts 9525.1800 to 9525.1930;

(4) an individual or organization that provides only home management services, if the individual or organization is registered under section 144A.482; or

(5) an individual who is licensed in this state as a nurse, dietitian, social worker, occupational therapist, physical therapist, or speech-language pathologist who provides health care services in the home independently and not through any contractual or employment relationship with a home care provider or other organization.

Subd. 9. **Exclusions from home care licensure.** The following are excluded from home care licensure and are not required to provide the home care bill of rights:

(1) an individual or business entity providing only coordination of home care that includes one or more of the following:

(i) determination of whether a client needs home care services, or assisting a client in determining what services are needed;

(ii) referral of clients to a home care provider;

(iii) administration of payments for home care services; or

(iv) administration of a health care home established under section 256B.0751;

(2) an individual who is not an employee of a licensed home care provider if the individual:

(i) only provides services as an independent contractor to one or more licensed home care providers;

(ii) provides no services under direct agreements or contracts with clients; and

(iii) is contractually bound to perform services in compliance with the contracting home care provider's policies and service plans;

(3) a business that provides staff to home care providers, such as a temporary employment agency, if the business:

(i) only provides staff under contract to licensed or exempt providers;

(ii) provides no services under direct agreements with clients; and

(iii) is contractually bound to perform services under the contracting home care provider's direction and supervision;

(4) any home care services conducted by and for the adherents of any recognized church or religious denomination for its members through spiritual means, or by prayer for healing;

(5) an individual who only provides home care services to a relative;

(6) an individual not connected with a home care provider that provides assistance with basic home care needs if the assistance is provided primarily as a contribution and not as a business;

(7) an individual not connected with a home care provider that shares housing with and provides primarily housekeeping or homemaking services to an elderly or disabled person in return for free or reduced-cost housing;

(8) an individual or provider providing home-delivered meal services;

(9) an individual providing senior companion services and other Older American Volunteer Programs (OAVP) established under the Domestic Volunteer Service Act of 1973, United States Code, title 42, chapter 66;

(10) an employee of a nursing home licensed under this chapter or an employee of a boarding care home licensed under sections 144.50 to 144.56 who responds to occasional emergency calls from individuals residing in a residential setting that is attached to or located on property contiguous to the nursing home or boarding care home;

(11) a member of a professional corporation organized under chapter 319B that does not regularly offer or provide home care services as defined in section 144A.43, subdivision 3;

(12) the following organizations established to provide medical or surgical services that do not regularly offer or provide home care services as defined in section 144A.43, subdivision 3: a business trust organized under sections 318.01 to 318.04, a nonprofit corporation organized under chapter 317A, a partnership organized under chapter 323, or any other entity determined by the commissioner;

(13) an individual or agency that provides medical supplies or durable medical equipment, except when the provision of supplies or equipment is accompanied by a home care service;

(14) a physician licensed under chapter 147;

(15) an individual who provides home care services to a person with a developmental disability who lives in a place of residence with a family, foster family, or primary caregiver;

(16) a business that only provides services that are primarily instructional and not medical services or health-related support services;

(17) an individual who performs basic home care services for no more than 14 hours each calendar week to no more than one client;

(18) an individual or business licensed as hospice as defined in sections 144A.75 to 144A.755 who is not providing home care services independent of hospice service;

(19) activities conducted by the commissioner of health or a board of health as defined in section 145A.02, subdivision 2, including communicable disease investigations or testing; or

(20) administering or monitoring a prescribed therapy necessary to control or prevent a communicable disease, or the monitoring of an individual's compliance with a health directive as defined in section 144.4172, subdivision 6.

Sec. 9. **[144A.472] HOME CARE PROVIDER LICENSE; APPLICATION AND RENEWAL.**

Subdivision 1. **License applications.** Each application for a home care provider license must include information sufficient to show that the applicant meets the requirements of licensure, including:

(1) the applicant's name, e-mail address, physical address, and mailing address, including the name of the county in which the applicant resides and has a principal place of business;

(2) the initial license fee in the amount specified in subdivision 7;

(3) e-mail address, physical address, mailing address, and telephone number of the principal administrative office;

(4) e-mail address, physical address, mailing address, and telephone number of each branch office, if any;

(5) names, e-mail and mailing addresses, and telephone numbers of all owners and managerial officials;

(6) documentation of compliance with the background study requirements of section 144A.476 for all persons involved in the management, operation, or control of the home care provider;

(7) documentation of a background study as required by section 144.057 for any individual seeking employment, paid or volunteer, with the home care provider;

(8) evidence of workers' compensation coverage as required by sections 176.181 and 176.182;

(9) documentation of liability coverage, if the provider has it;

(10) identification of the license level the provider is seeking;

(11) documentation that identifies the managerial official who is in charge of day-to-day operations and attestation that the person has reviewed and understands the home care provider regulations;

(12) documentation that the applicant has designated one or more owners, managerial officials, or employees as an agent or agents, which shall not affect the legal responsibility of any other owner or managerial official under this chapter;

(13) the signature of the officer or managing agent on behalf of an entity, corporation, association, or unit of government;

(14) verification that the applicant has the following policies and procedures in place so that if a license is issued, the applicant will implement the policies and procedures and keep them current:

(i) requirements in sections 626.556, reporting of maltreatment of minors, and 626.557, reporting of maltreatment of vulnerable adults;

(ii) conducting and handling background studies on employees;

(iii) orientation, training, and competency evaluations of home care staff, and a process for evaluating staff performance;

(iv) handling complaints from clients, family members, or client representatives regarding staff or services provided by staff;

(v) conducting initial evaluation of clients' needs and the providers' ability to provide those services;

(vi) conducting initial and ongoing client evaluations and assessments and how changes in a client's condition are identified, managed, and communicated to staff and other health care providers as appropriate;

(vii) orientation to and implementation of the home care client bill of rights;

(viii) infection control practices;

(ix) reminders for medications, treatments, or exercises, if provided; and

(x) conducting appropriate screenings, or documentation of prior screenings, to show that staff are free of tuberculosis, consistent with current United States Centers for Disease Control standards; and

(15) other information required by the department.

Subd. 2. **Comprehensive home care license applications.** In addition to the information and fee required in subdivision 1, applicants applying for a comprehensive home care license must also provide verification that the applicant has the following policies and procedures in place so that if a license is issued, the applicant will implement the policies and procedures in this subdivision and keep them current:

(1) conducting initial and ongoing assessments of the client's needs by a registered nurse or appropriate licensed health professional, including how changes in the client's conditions are identified, managed, and communicated to staff and other health care providers, as appropriate;

(2) ensuring that nurses and licensed health professionals have current and valid licenses to practice;

(3) medication and treatment management;

(4) delegation of home care tasks by registered nurses or licensed health professionals;

(5) supervision of registered nurses and licensed health professionals; and

(6) supervision of unlicensed personnel performing delegated home care tasks.

Subd. 3. **License renewal.** (a) Except as provided in section 144A.475, a license may be renewed for a period of one year if the licensee satisfies the following:

(1) submits an application for renewal in the format provided by the commissioner at least 30 days before expiration of the license;

(2) submits the renewal fee in the amount specified in subdivision 7;

(3) has provided home care services within the past 12 months;

(4) complies with sections 144A.43 to 144A.4799;

(5) provides information sufficient to show that the applicant meets the requirements of licensure, including items required under subdivision 1;

(6) provides verification that all policies under subdivision 1, are current; and

(7) provides any other information deemed necessary by the commissioner.

(b) A renewal applicant who holds a comprehensive home care license must also provide verification that policies listed under subdivision 2 are current.

Subd. 4. **Multiple units.** Multiple units or branches of a licensee must be separately licensed if the commissioner determines that the units cannot adequately share supervision and administration of services from the main office.

Subd. 5. **Transfers prohibited; changes in ownership.** Any home care license issued by the commissioner may not be transferred to another party. Before acquiring ownership of a home care provider business, a prospective applicant must apply for a new temporary license. A change of ownership is a transfer of operational control to a different business entity, and includes:

(1) transfer of the business to a different or new corporation;

(2) in the case of a partnership, the dissolution or termination of the partnership under chapter 323A, with the business continuing by a successor partnership or other entity;

(3) relinquishment of control of the provider to another party, including to a contract management firm that is not under the control of the owner of the business' assets;

(4) transfer of the business by a sole proprietor to another party or entity; or

(5) in the case of a privately held corporation, the change in ownership or control of 50 percent or more of the outstanding voting stock.

Subd. 6. **Notification of changes of information.** The temporary licensee or licensee shall notify the commissioner in writing within ten working days after any change in the information required in subdivision 1, except the information required in subdivision 1, clause (5), is required at the time of license renewal.

Subd. 7. **Fees; application, change of ownership, and renewal.** (a) An initial applicant seeking a temporary home care licensure must submit the following application fee to the commissioner along with a completed application:

(1) basic home care provider, $2,100; or

(2) comprehensive home care provider, $4,200.

(b) A home care provider who is filing a change of ownership as required under subdivision 5 must submit the following application fee to the commissioner, along with the documentation required for the change of ownership:

(1) basic home care provider, $2,100; or

(2) comprehensive home care provider, $4,200.

(c) A home care provider who is seeking to renew the provider's license shall pay a fee to the commissioner based on revenues derived from the provision of home care services during the calendar year prior to the year in which the application is submitted, according to the following schedule:

License Renewal Fee

Provider Annual Revenue	**Fee**
greater than $1,500,000	$6,625
greater than $1,275,000 and no more than $1,500,000	$5,797
greater than $1,100,000 and no more than $1,275,000	$4,969
greater than $950,000 and no more than $1,100,000	$4,141
greater than $850,000 and no more than $950,000	$3,727
greater than $750,000 and no more than $850,000	$3,313
greater than $650,000 and no more than $750,000	$2,898
greater than $550,000 and no more than $650,000	$2,485
greater than $450,000 and no more than $550,000	$2,070
greater than $350,000 and no more than $450,000	$1,656
greater than $250,000 and no more than $350,000	$1,242
greater than $100,000 and no more than $250,000	$828
greater than $50,000 and no more than $100,000	$500
greater than $25,000 and no more than $50,000	$400
no more than $25,000	$200

(d) If requested, the home care provider shall provide the commissioner information to verify the provider's annual revenues or other information as needed, including copies of documents submitted to the Department of Revenue.

(e) At each annual renewal, a home care provider may elect to pay the highest renewal fee for its license category, and not provide annual revenue information to the commissioner.

(f) A temporary license or license applicant, or temporary licensee or licensee that knowingly provides the commissioner incorrect revenue amounts for the purpose of paying a lower license fee, shall be subject to a civil penalty in the amount of double the fee the provider should have paid.

(g) Fees and penalties collected under this section shall be deposited in the state treasury and credited to the special state government revenue fund.

(h) The license renewal fee schedule in this subdivision is effective July 1, 2016.

Sec. 10. **[144A.473] ISSUANCE OF TEMPORARY LICENSE AND LICENSE RENEWAL.**

Subdivision 1. **Temporary license and renewal of license.** (a) The department shall review each application to determine the applicant's knowledge of and compliance with Minnesota home care regulations. Before granting a temporary license or renewing a license, the commissioner may further evaluate the applicant or licensee by requesting additional information or documentation or by conducting an on-site survey of the applicant to determine compliance with sections 144A.43 to 144A.482.

(b) Within 14 calendar days after receiving an application for a license, the commissioner shall acknowledge receipt of the application in writing. The acknowledgment must indicate whether the application appears to be complete or whether additional information is required before the application will be considered complete.

(c) Within 90 days after receiving a complete application, the commissioner shall issue a temporary license, renew the license, or deny the license.

(d) The commissioner shall issue a license that contains the home care provider's name, address, license level, expiration date of the license, and unique license number. All licenses are valid for one year from the date of issuance.

Subd. 2. **Temporary license.** (a) For new license applicants, the commissioner shall issue a temporary license for either the basic or comprehensive home care level. A temporary license is effective for one year from the date of issuance. Temporary licensees must comply with sections 144A.43 to 144A.482.

(b) During the temporary license year, the commissioner shall survey the temporary licensee after the commissioner is notified or has evidence that the temporary licensee is providing home care services.

(c) Within five days of beginning the provision of services, the temporary licensee must notify the commissioner that it is serving clients. The notification to the commissioner may be mailed or e-mailed to the commissioner at the address provided by the commissioner. If the temporary licensee does not provide home care services during the temporary license year, then the temporary license expires at the end of the year and the applicant must reapply for a temporary home care license.

(d) A temporary licensee may request a change in the level of licensure prior to being surveyed and granted a license by notifying the commissioner in writing and providing additional documentation or materials required to update or complete the changed temporary license application. The applicant must pay the difference between the application fees when changing from the basic to the comprehensive level of licensure. No refund will be made if the provider chooses to change the license application to the basic level.

(e) If the temporary licensee notifies the commissioner that the licensee has clients within 45 days prior to the temporary license expiration, the commissioner may extend the temporary license for up to 60 days in order to allow the commissioner to complete the on-site survey required under this section and follow-up survey visits.

Subd. 3. **Temporary licensee survey.** (a) If the temporary licensee is in substantial compliance with the survey, the commissioner shall issue either a basic or comprehensive home care license. If the temporary licensee is not in substantial compliance with the survey, the commissioner shall not issue a basic or comprehensive license and there will be no contested hearing right under chapter 14.

(b) If the temporary licensee whose basic or comprehensive license has been denied disagrees with the conclusions of the commissioner, then the licensee may request a reconsideration by the commissioner or commissioner's designee. The reconsideration request process will be conducted internally by the commissioner or commissioner's designee, and chapter 14 does not apply.

(c) The temporary licensee requesting reconsideration must make the request in writing and must list and describe the reasons why the licensee disagrees with the decision to deny the basic or comprehensive home care license.

(d) A temporary licensee whose license is denied must comply with the requirements for notification and transfer of clients in section 144A.475, subdivision 5.

Sec. 11. **[144A.474] SURVEYS AND INVESTIGATIONS.**

Subdivision 1. **Surveys.** The commissioner shall conduct surveys of each home care provider. By June 30, 2016, the commissioner shall conduct a survey of home care providers on a frequency of at least once every three years. Survey frequency may be based on the license level, the provider's compliance history, number of clients served, or other factors as determined by the department deemed necessary to ensure the health, safety, and welfare of clients and compliance with the law.

Subd. 2. **Types of home care surveys.** (a) "Initial full survey" is the survey conducted of a new temporary licensee after the department is notified or has evidence that the licensee is providing home care services to determine if the provider is in compliance with home care requirements. Initial surveys must be completed within 14 months after the department's issuance of a temporary basic or comprehensive license.

(b) "Core survey" means periodic inspection of home care providers to determine ongoing compliance with the home care requirements, focusing on the essential health and safety requirements. Core surveys are available to licensed home care providers who have been licensed for three years and surveyed at least once in the past three years with the latest survey having no widespread violations beyond Level 1 as provided in subdivision 11. Providers must also not have had any substantiated licensing complaints, substantiated complaints against the agency under the Vulnerable Adults Act or Maltreatment of Minors Act, or an enforcement action as authorized in section 144A.475 in the past three years.

(1) The core survey for basic license-level providers reviews compliance in the following areas:

(i) reporting of maltreatment;

(ii) orientation to and implementation of Home Care Client Bill of Rights;

(iii) statement of home care services;

(iv) initial evaluation of clients and initiation of services;

(v) basic-license level client review and monitoring;

(vi) service plan implementation and changes to the service plan;

(vii) client complaint and investigative process;

(viii) competency of unlicensed personnel; and

(ix) infection control.

(2) For comprehensive license-level providers, the core survey will include everything in the basic license-level core survey plus these areas:

(i) delegation to unlicensed personnel;

(ii) assessment, monitoring, and reassessment of clients; and

(iii) medication, treatment, and therapy management.

(c) "Full survey" means the periodic inspection of home care providers to determine ongoing compliance with the home care requirements that cover the core survey areas and all the legal requirements for home care providers. A full survey is conducted for all temporary licensees and for providers who do not meet the requirements needed for a core survey, and when a surveyor identifies unacceptable client health or safety risks during a core survey. A full survey will include all the tasks identified as part of the core survey and any additional review deemed necessary by the department, including additional observation, interviewing, or records review of additional clients and staff.

(d) "Follow-up surveys" are conducted to determine if a home care provider has corrected deficient issues and systems identified during a core survey, full survey, or complaint investigation. Follow-up surveys may be conducted via phone, e-mail, fax, mail, or on-site reviews. Follow-up surveys, other than complaint surveys, shall be concluded with an exit conference and written information provided on the process for requesting a reconsideration of the survey results.

(e) Upon receiving information that a home care provider has violated or is currently violating a requirement of sections 144A.43 to 144A.482, the commissioner shall investigate the complaint according to sections 144A.51 to 144A.54.

Subd. 3. **Survey process.** (a) The survey process for core surveys shall include the following as applicable to the particular licensee and setting surveyed:

(1) presurvey review of pertinent documents and notification to the ombudsman for long-term care;

(2) an entrance conference with available staff;

(3) communication with managerial officials or the registered nurse in charge, if available, and ongoing communication with key staff throughout the survey regarding information needed by the surveyor, clarifications regarding home care requirements, and applicable standards of practice;

(4) presentation of written contact information to the provider about the survey staff conducting the survey, the supervisor, and the process for requesting a reconsideration of the survey results;

(5) a brief tour of a sample of the housing with services establishments in which the provider is providing home care services;

(6) a sample selection of home care clients;

(7) information-gathering through client and staff observations, client and staff interviews, and reviews of records, policies, procedures, practices, and other agency information;

(8) interviews of clients' family members, if available, with clients' consent when the client can legally give consent;

(9) except for complaint surveys conducted by the Office of Health Facilities Complaints, exit conference, with preliminary findings shared and discussed with the provider and written information provided on the process for requesting a reconsideration of the survey results; and

(10) postsurvey analysis of findings and formulation of survey results, including correction orders when applicable.

Subd. 4. **Scheduling surveys.** Surveys and investigations shall be conducted without advance notice to home care providers. Surveyors may contact the home care provider on the day of a survey to arrange for someone to be available at the survey site. The contact does not constitute advance notice.

Subd. 5. **Information provided by home care provider.** The home care provider shall provide accurate and truthful information to the department during a survey, investigation, or other licensing activities.

Subd. 6. **Providing client records.** Upon request of a surveyor, home care providers shall provide a list of current and past clients or client representatives that includes addresses and telephone numbers and any other information requested about the services to clients within a reasonable period of time.

Subd. 7. **Contacting and visiting clients.** Surveyors may contact or visit a home care provider's clients to gather information without notice to the home care provider. Before visiting a client, a surveyor shall obtain the client's or client's representative's permission by telephone, mail, or in person. Surveyors shall inform all clients or client's representatives of their right to decline permission for a visit.

Subd. 8. **Correction orders.** (a) A correction order may be issued whenever the commissioner finds upon survey or during a complaint investigation that a home care provider, a managerial official, or an employee of the provider is not in compliance with sections 144A.43 to 144A.482. The correction order shall cite the specific statute and document areas of noncompliance and the time allowed for correction.

(b) The commissioner shall mail copies of any correction order within 30 calendar days after exit survey to the last known address of the home care provider. A copy of each correction order and copies of any documentation supplied to the commissioner shall be kept on file by the home care provider, and public documents shall be made available for viewing by any person upon request. Copies may be kept electronically.

(c) By the correction order date, the home care provider must document in the provider's records any action taken to comply with the correction order. The commissioner may request a copy of this documentation and the home care provider's action to respond to the correction order in future surveys, upon a complaint investigation, and as otherwise needed.

Subd. 9. **Follow-up surveys.** For providers that have Level 3 or Level 4 violations or any violations determined to be widespread, the department shall conduct a follow-up survey within 90 calendar days of the survey. When conducting a follow-up survey, the surveyor will focus on whether the previous violations have been corrected and may also address any new violations that are observed while evaluating the corrections that have been made. If a new violation is identified on a follow-up survey, no fine will be imposed unless it is not corrected on the next follow-up survey.

Subd. 10. **Performance incentive.** A licensee is eligible for a performance incentive if there are no violations identified in a core or full survey. The performance incentive is a ten percent discount on the licensee's next home care renewal license fee.

Subd. 11. **Fines.** (a) Fines and enforcement actions under this subdivision may be assessed based on the level and scope of the violations described in paragraph (c) as follows:

(1) Level 1, no fines or enforcement;

(2) Level 2, fines ranging from $0 to $500, in addition to any of the enforcement mechanisms authorized in section 144A.475 for widespread violations;

(3) Level 3, fines ranging from $500 to $1,000, in addition to any of the enforcement mechanisms authorized in section 144A.475; and

(4) Level 4, fines ranging from $1,000 to $5,000, in addition to any of the enforcement mechanisms authorized in section 144A.475.

(b) Correction orders for violations are categorized by both level and scope as follows and fines will be assessed accordingly:

(1) Level of violation:

(i) Level 1. A violation that has no potential to cause more than a minimal impact on the client and does not affect health or safety.

(ii) Level 2. A violation that did not harm the client's health or safety, but had the potential to have harmed a client's health or safety, but was not likely to cause serious injury, impairment, or death.

(iii) Level 3. A violation that harmed a client's health or safety, not including serious injury, impairment, or death, or a violation that has the potential to lead to serious injury, impairment, or death.

(iv) Level 4. A violation that results in serious injury, impairment, or death.

(2) Scope of violation:

(i) Isolated. When one or a limited number of clients are affected, or one or a limited number of staff are involved, or the situation has occurred only occasionally.

(ii) Pattern. When more than a limited number of clients are affected, more than a limited number of staff are involved, or the situation has occurred repeatedly but is not found to be pervasive.

(iii) Widespread. When problems are pervasive or represent a systemic failure that has affected or has the potential to affect a large portion or all of the clients.

(c) If the commissioner finds that the applicant or a home care provider required to be licensed under sections 144A.43 to 144A.482 has not corrected violations by the date specified in the correction order or conditional license resulting from a survey or complaint investigation, the commissioner may impose a fine. A notice of noncompliance with a correction order must be mailed to the applicant's or provider's last known address. The noncompliance notice must list the violations not corrected.

(d) The license holder must pay the fines assessed on or before the payment date specified. If the license holder fails to fully comply with the order, the commissioner may issue a second fine or suspend the license until the license holder complies by paying the fine. A timely appeal shall stay payment of the fine until the commissioner issues a final order.

(e) A license holder shall promptly notify the commissioner in writing when a violation specified in the order is corrected. If upon reinspection the commissioner determines that a violation has not been corrected as indicated by the order, the commissioner may issue a second fine. The commissioner shall notify the license holder by mail to the last known address in the licensing record that a second fine has been assessed. The license holder may appeal the second fine as provided under this subdivision.

(f) A home care provider that has been assessed a fine under this subdivision has a right to a reconsideration or a hearing under this section and chapter 14.

(g) When a fine has been assessed, the license holder may not avoid payment by closing, selling, or otherwise transferring the licensed program to a third party. In such an event, the license holder shall be liable for payment of the fine.

(h) In addition to any fine imposed under this section, the commissioner may assess costs related to an investigation that results in a final order assessing a fine or other enforcement action authorized by this chapter.

(i) Fines collected under this subdivision shall be deposited in the state government special revenue fund and credited to an account separate from the revenue collected under section 144A.472. Subject to an appropriation by the legislature, the revenue from the fines collected may be used by the commissioner for special projects to improve home care in Minnesota as recommended by the advisory council established in section 144A.4799.

Subd. 12. **Reconsideration.** The commissioner shall make available to home care providers a correction order reconsideration process. This process may be used to challenge the correction order issued, including the level and scope described in subdivision 9, and any fine assessed. During the correction order reconsideration request, the issuance for the correction orders under reconsideration are not stayed, but the department will post in formation on the Web site with the correction order that the licensee has requested a reconsideration required and that the review is pending.

(a) A licensed home care provider may request from the commissioner, in writing, a correction order reconsideration regarding any correction order issued to the provider. The correction order reconsideration shall not be reviewed by any surveyor, investigator, or supervisor that participated in the writing or reviewing of the correction order being disputed. The correction order reconsiderations may be conducted in person by telephone, by another electronic form, or in writing, as determined by the commissioner. The commissioner shall respond in writing to the request from a home care provider for a correction order reconsideration within 60 days of the date the provider requests a reconsideration. The commissioner's response shall identify the commissioner's decision regarding each citation challenged by the home care provider.

The findings of a correction order reconsideration process shall be one or more of the following:

(1) Supported in full. The correction order is supported in full, with no deletion of findings to the citation.

(2) Supported in substance. The correction order is supported, but one or more findings are deleted or modified without any change in the citation.

(3) Correction order cited an incorrect home care licensing requirement. The correction order is amended by changing the correction order to the appropriate statutory reference.

(4) Correction order was issued under an incorrect citation. The correction order is amended to be issued under the more appropriate correction order citation.

(5) The correction order is rescinded.

(6) Fine is amended. It is determined the fine assigned to the correction order was applied incorrectly.

(7) The level or scope of the citation is modified based on the reconsideration.

(b) If the correction order findings are changed by the commissioner, the commissioner shall update the correction order Web site accordingly.

Subd. 13. **Home care surveyor training.** Before conducting a home care survey, each home care surveyor must receive training on the following topics:

(1) Minnesota home care licensure requirements;

(2) Minnesota Home Care Client Bill of Rights;

(3) Minnesota Vulnerable Adults Act and reporting of maltreatment of minors;

(4) principles of documentation;

(5) survey protocol and processes;

(6) Offices of the Ombudsman roles;

(7) Office of Health Facility Complaints;

(8) Minnesota landlord-tenant and housing with services laws;

(9) types of payors for home care services; and

(10) Minnesota Nurse Practice Act for nurse surveyors.

Materials used for this training will be posted on the department Web site. Requisite understanding of these topics will be reviewed as part of the quality improvement plan in section 28.

Sec. 12. **[144A.475] ENFORCEMENT.**

Subdivision 1. **Conditions.** (a) The commissioner may refuse to grant a temporary license, renew a license, suspend or revoke a license, or impose a conditional license if the home care provider or owner or managerial official of the home care provider:

(1) is in violation of, or during the term of the license has violated, any of the requirements in sections 144A.471 to 144A.482;

(2) permits, aids, or abets the commission of any illegal act in the provision of home care;

(3) performs any act detrimental to the health, safety, and welfare of a client;

(4) obtains the license by fraud or misrepresentation;

(5) knowingly made or makes a false statement of a material fact in the application for a license or in any other record or report required by this chapter;

(6) denies representatives of the department access to any part of the home care provider's books, records, files, or employees;

(7) interferes with or impedes a representative of the department in contacting the home care provider's clients;

(8) interferes with or impedes a representative of the department in the enforcement of this chapter or has failed to fully cooperate with an inspection, survey, or investigation by the department;

(9) destroys or makes unavailable any records or other evidence relating to the home care provider's compliance with this chapter;

(10) refuses to initiate a background study under section 144.057 or 245A.04;

(11) fails to timely pay any fines assessed by the department;

(12) violates any local, city, or township ordinance relating to home care services;

(13) has repeated incidents of personnel performing services beyond their competency level; or

(14) has operated beyond the scope of the home care provider's license level.

(b) A violation by a contractor providing the home care services of the home care provider is a violation by the home care provider.

Subd. 2. **Terms to suspension or conditional license.** A suspension or conditional license designation may include terms that must be completed or met before a suspension or conditional license designation is lifted. A conditional license designation may include restrictions or conditions that are imposed on the provider. Terms for a suspension or conditional license may include one or more of the following and the scope of each will be determined by the commissioner:

(1) requiring a consultant to review, evaluate, and make recommended changes to the home care provider's practices and submit reports to the commissioner at the cost of the home care provider;

(2) requiring supervision of the home care provider or staff practices at the cost of the home care provider by an unrelated person who has sufficient knowledge and qualifications to oversee the practices and who will submit reports to the commissioner;

(3) requiring the home care provider or employees to obtain training at the cost of the home care provider;

(4) requiring the home care provider to submit reports to the commissioner;

(5) prohibiting the home care provider from taking any new clients for a period of time; or

(6) any other action reasonably required to accomplish the purpose of this subdivision and section 144A.45, subdivision 2.

Subd. 3. **Notice.** Prior to any suspension, revocation, or refusal to renew a license, the home care provider shall be entitled to notice and a hearing as provided by sections 14.57 to 14.69. In addition to any other remedy provided by law, the commissioner may, without a prior contested case hearing, temporarily suspend a license or prohibit delivery of services by a provider for not more than 90 days if the commissioner determines that the health or safety of a consumer is in imminent danger, provided:

(1) advance notice is given to the home care provider;

(2) after notice, the home care provider fails to correct the problem;

(3) the commissioner has reason to believe that other administrative remedies are not likely to be effective; and

(4) there is an opportunity for a contested case hearing within the 90 days.

Subd. 4. **Time limits for appeals.** To appeal the assessment of civil penalties under section 144A.45, subdivision 2, clause (5), and an action against a license under this section, a provider must request a hearing no later than 15 days after the provider receives notice of the action.

Subd. 5. **Plan required.** (a) The process of suspending or revoking a license must include a plan for transferring affected clients to other providers by the home care provider, which will be monitored by the commissioner. Within three business days of being notified of the final revocation or suspension action, the home care provider shall provide the commissioner, the lead agencies as defined in section 256B.0911, and the ombudsman for long-term care with the following information:

(1) a list of all clients, including full names and all contact information on file;

(2) a list of each client's representative or emergency contact person, including full names and all contact information on file;

(3) the location or current residence of each client;

(4) the payor sources for each client, including payor source identification numbers; and

(5) for each client, a copy of the client's service plan, and a list of the types of services being provided.

(b) The revocation or suspension notification requirement is satisfied by mailing the notice to the address in the license record. The home care provider shall cooperate with the commissioner and the lead agencies during the process of transferring care of clients to qualified providers. Within three business days of being notified of the final revocation or suspension action, the home care provider must notify and disclose to each of the home care provider's clients, or the client's representative or emergency contact persons, that the commissioner is taking action against the home care provider's license by providing a copy of the revocation or suspension notice issued by the commissioner.

Subd. 6. **Owners and managerial officials; refusal to grant license.** (a) The owner and managerial officials of a home care provider whose Minnesota license has not been renewed or that has been revoked because of noncompliance with applicable laws or rules shall not be eligible to apply for nor will be granted a home care license, including other licenses under this chapter, or be given status as an enrolled personal care assistance provider agency or personal care assistant by the Department of Human Services under section 256B.0659 for five years following the effective date of the nonrenewal or revocation. If the owner and managerial officials already have enrollment status, their enrollment will be terminated by the Department of Human Services.

(b) The commissioner shall not issue a license to a home care provider for five years following the effective date of license nonrenewal or revocation if the owner or managerial official, including any individual who was an owner or managerial official of another home care provider, had a Minnesota license that was not renewed or was revoked as described in paragraph (a).

(c) Notwithstanding subdivision 1, the commissioner shall not renew, or shall suspend or revoke, the license of any home care provider that includes any individual as an owner or managerial official who was an owner or managerial official of a home care provider whose Minnesota license was not renewed or was revoked as described in paragraph (a) for five years following the effective date of the nonrenewal or revocation.

(d) The commissioner shall notify the home care provider 30 days in advance of the date of nonrenewal, suspension, or revocation of the license. Within ten days after the receipt of the notification, the home care provider may request, in writing, that the commissioner stay the nonrenewal, revocation, or suspension of the license. The home care provider shall specify the reasons for requesting the stay; the steps that will be taken to attain or maintain compliance with the licensure laws and regulations; any limits on the authority or responsibility of the owners or managerial officials whose actions resulted in the notice of nonrenewal, revocation, or suspension; and any other information to establish that the continuing affiliation with these individuals will not jeopardize client health, safety, or well-being. The commissioner shall determine whether the stay will be granted within 30 days of receiving the provider's request. The commissioner may propose additional restrictions or limitations on the provider's license and require that the granting of the stay be contingent upon compliance with those provisions. The commissioner shall take into consideration the following factors when determining whether the stay should be granted:

(1) the threat that continued involvement of the owners and managerial officials with the home care provider poses to client health, safety, and well-being;

(2) the compliance history of the home care provider; and

(3) the appropriateness of any limits suggested by the home care provider.

If the commissioner grants the stay, the order shall include any restrictions or limitation on the provider's license. The failure of the provider to comply with any restrictions or limitations shall result in the immediate removal of the stay and the commissioner shall take immediate action to suspend, revoke, or not renew the license.

Subd. 7. **Request for hearing.** A request for a hearing must be in writing and must:

(1) be mailed or delivered to the department or the commissioner's designee;

(2) contain a brief and plain statement describing every matter or issue contested; and

(3) contain a brief and plain statement of any new matter that the applicant or home care provider believes constitutes a defense or mitigating factor.

Subd. 8. **Informal conference.** At any time, the applicant or home care provider and the commissioner may hold an informal conference to exchange information, clarify issues, or resolve issues.

Subd. 9. **Injunctive relief.** In addition to any other remedy provided by law, the commissioner may bring an action in district court to enjoin a person who is involved in the management, operation, or control of a home care provider or an employee of the home care provider from illegally engaging in activities regulated by sections 144A.43 to 144A.482. The commissioner may bring an action under this subdivision in the district court in Ramsey County or in the district in which a home care provider is providing services. The court may grant a temporary restraining order in the proceeding if continued activity by the person who is involved in the management, operation, or control of a home care provider, or by an employee of the home care provider, would create an imminent risk of harm to a recipient of home care services.

Subd. 10. **Subpoena.** In matters pending before the commissioner under sections 144A.43 to 144A.482, the commissioner may issue subpoenas and compel the attendance of witnesses and the production of all necessary papers, books, records, documents, and other evidentiary material. If a person fails or refuses to comply with a subpoena or order of the commissioner to appear or testify regarding any matter about which the person may be lawfully questioned or to produce any papers, books, records, documents, or evidentiary materials in the matter to be heard, the commissioner may apply to the district court in any district, and the court shall order the person to comply with the commissioner's order or subpoena. The commissioner of health may administer oaths to witnesses or take their affirmation. Depositions may be taken in or outside the state in the manner provided by law for the taking of depositions in civil actions. A subpoena or other process or paper may be served on a named person anywhere in the state by an officer authorized to serve subpoenas in civil actions, with the same fees and mileage and in the same manner as prescribed by law for a process issued out of a district court. A person subpoenaed under this subdivision shall receive the same fees, mileage, and other costs that are paid in proceedings in district court.

Sec. 13. **[144A.476] BACKGROUND STUDIES.**

Subdivision 1. **Prior criminal convictions; owner and managerial officials.** (a) Before the commissioner issues a temporary license or renews a license, an owner or managerial official is required to complete a background study under section 144.057. No person may be involved in the management, operation, or control of a home care provider if the person has been disqualified under chapter 245C. If an individual is disqualified under section

144.057 or chapter 245C, the individual may request reconsideration of the disqualification. If the individual requests reconsideration and the commissioner sets aside or rescinds the disqualification, the individual is eligible to be involved in the management, operation, or control of the provider. If an individual has a disqualification under section 245C.15, subdivision 1, and the disqualification is affirmed, the individual's disqualification is barred from a set aside, and the individual must not be involved in the management, operation, or control of the provider.

(b) For purposes of this section, owners of a home care provider subject to the background check requirement are those individuals whose ownership interest provides sufficient authority or control to affect or change decisions related to the operation of the home care provider. An owner includes a sole proprietor, a general partner, or any other individual whose individual ownership interest can affect the management and direction of the policies of the home care provider.

(c) For the purposes of this section, managerial officials subject to the background check requirement are individuals who provide direct contact as defined in section 245C.02, subdivision 11, or individuals who have the responsibility for the ongoing management or direction of the policies, services, or employees of the home care provider. Data collected under this subdivision shall be classified as private data under section 13.02, subdivision 12.

(d) The department shall not issue any license if the applicant or owner or managerial official has been unsuccessful in having a background study disqualification set aside under section 144.057 and chapter 245C; if the owner or managerial official, as an owner or managerial official of another home care provider, was substantially responsible for the other home care provider's failure to substantially comply with sections 144A.43 to 144A.482; or if an owner that has ceased doing business, either individually or as an owner of a home care provider, was issued a correction order for failing to assist clients in violation of this chapter.

Subd. 2. **Employees, contractors, and volunteers.** (a) Employees, contractors, and volunteers of a home care provider are subject to the background study required by section 144.057, and may be disqualified under chapter 245C. Nothing in this section shall be construed to prohibit a home care provider from requiring self-disclosure of criminal conviction information.

(b) Termination of an employee in good faith reliance on information or records obtained under paragraph (a) or subdivision 1, regarding a confirmed conviction does not subject the home care provider to civil liability or liability for unemployment benefits.

Sec. 14. **[144A.477] COMPLIANCE.**

Subdivision 1. **Medicare-certified providers; coordination of surveys.** If feasible, the commissioner shall survey licensees to determine compliance with this chapter at the same time as surveys for certification for Medicare if Medicare certification is based on compliance with the federal conditions of participation and on survey and enforcement by the Department of Health as agent for the United States Department of Health and Human Services.

Subd. 2. **Medicare-certified providers; equivalent requirements.** For home care providers licensed to provide comprehensive home care services that are also certified for participation in Medicare as a home health agency under Code of Federal Regulations, title 42, part 484, the following state licensure regulations are considered equivalent to the federal requirements:

(1) quality management, section 144A.479, subdivision 3;

(2) personnel records, section 144A.479, subdivision 7;

(3) acceptance of clients, section 144A.4791, subdivision 4;

(4) referrals, section 144A.4791, subdivision 5;

(5) client assessment, sections 144A.4791, subdivision 8, and 144A.4792, subdivisions 2 and 3;

(6) individualized monitoring and reassessment, sections 144A.4791, subdivision 8, and 144A.4792, subdivisions 2 and 3;

(7) individualized service plan, sections 144A.4791, subdivision 9, 144A.4792, subdivision 5, and 144A.4793, subdivision 3;

(8) client complaint and investigation process, section 144A.4791, subdivision 11;

(9) prescription orders, section 144A.4792, subdivisions 13 to 16;

(10) client records, section 144A.4794, subdivisions 1 to 3;

(11) qualifications for unlicensed personnel performing delegated tasks, section 144A.4795;

(12) training and competency staff, section 144A.4795;

(13) training and competency for unlicensed personnel, section 144A.4795, subdivision 7;

(14) delegation of home care services, section 144A.4795, subdivision 4;

(15) availability of contact person, section 144A.4797, subdivision 1; and

(16) supervision of staff, section 144A.4797, subdivisions 2 and 3.

Violations of requirements in clauses (1) to (16) may lead to enforcement actions under section 144A.474.

Sec. 15. **[144A.478] INNOVATION VARIANCE.**

Subdivision 1. **Definition.** For purposes of this section, "innovation variance" means a specified alternative to a requirement of this chapter. An innovation variance may be granted to allow a home care provider to offer home care services of a type or in a manner that is innovative, will not impair the services provided, will not adversely affect the health, safety, or welfare of the clients, and is likely to improve the services provided. The innovative variance cannot change any of the client's rights under section 144A.44, home care bill of rights.

Subd. 2. **Conditions.** The commissioner may impose conditions on the granting of an innovation variance that the commissioner considers necessary.

Subd. 3. **Duration and renewal.** The commissioner may limit the duration of any innovation variance and may renew a limited innovation variance.

Subd. 4. **Applications; innovation variance.** An application for innovation variance from the requirements of this chapter may be made at any time, must be made in writing to the commissioner, and must specify the following:

(1) the statute or law from which the innovation variance is requested;

(2) the time period for which the innovation variance is requested;

(3) the specific alternative action that the licensee proposes;

(4) the reasons for the request; and

(5) justification that an innovation variance will not impair the services provided, will not adversely affect the health, safety, or welfare of clients, and is likely to improve the services provided.

The commissioner may require additional information from the home care provider before acting on the request.

Subd. 5. **Grants and denials.** The commissioner shall grant or deny each request for an innovation variance in writing within 45 days of receipt of a complete request. Notice of a denial shall contain the reasons for the denial. The terms of a requested innovation variance may be modified upon agreement between the commissioner and the home care provider.

Subd. 6. **Violation of innovation variances.** A failure to comply with the terms of an innovation variance shall be deemed to be a violation of this chapter.

Subd. 7. **Revocation or denial of renewal.** The commissioner shall revoke or deny renewal of an innovation variance if:

(1) it is determined that the innovation variance is adversely affecting the health, safety, or welfare of the licensee's clients;

(2) the home care provider has failed to comply with the terms of the innovation variance;

(3) the home care provider notifies the commissioner in writing that it wishes to relinquish the innovation variance and be subject to the statute previously varied; or

(4) the revocation or denial is required by a change in law.

Sec. 16. **[144A.479] HOME CARE PROVIDER RESPONSIBILITIES; BUSINESS OPERATION.**

Subdivision 1. **Display of license.** The original current license must be displayed in the home care providers' principal business office and copies must be displayed in any branch office. The home care provider must provide a copy of the license to any person who requests it.

Subd. 2. **Advertising.** Home care providers shall not use false, fraudulent, or misleading advertising in the marketing of services. For purposes of this section, advertising includes any verbal, written, or electronic means of communicating to potential clients about the availability, nature, or terms of home care services.

Subd. 3. **Quality management.** The home care provider shall engage in quality management appropriate to the size of the home care provider and relevant to the type of services the home care provider provides. The quality management activity means evaluating the quality of care by periodically reviewing client services, complaints made, and other issues that have occurred and determining whether changes in services, staffing, or other procedures need to be made in order to ensure safe and competent services to clients. Documentation about quality management activity must be available for two years. Information about quality management must be available to the commissioner at the time of the survey, investigation, or renewal.

Subd. 4. **Provider restrictions.** (a) This subdivision does not apply to licensees that are Minnesota counties or other units of government.

(b) A home care provider or staff cannot accept powers-of-attorney from clients for any purpose, and may not accept appointments as guardians or conservators of clients.

(c) A home care provider cannot serve as a client's representative.

Subd. 5. **Handling of client's finances and property.** (a) A home care provider may assist clients with household budgeting, including paying bills and purchasing household goods, but may not otherwise manage a client's property. A home care provider must provide a client with receipts for all transactions and purchases paid with the clients' funds. When receipts are not available, the transaction or purchase must be documented. A home care provider must maintain records of all such transactions.

(b) A home care provider or staff may not borrow a client's funds or personal or real property, nor in any way convert a client's property to the home care provider's or staff's possession.

(c) Nothing in this section precludes a home care provider or staff from accepting gifts of minimal value, or precludes the acceptance of donations or bequests made to a home care provider that are exempt from income tax under section 501(c) of the Internal Revenue Code of 1986.

Subd. 6. **Reporting maltreatment of vulnerable adults and minors.** (a) All home care providers must comply with requirements for the reporting of maltreatment of minors in section 626.556 and the requirements for the reporting of maltreatment of vulnerable adults in section 626.557. Home care providers must report suspected maltreatment of minors and vulnerable adults to the common entry point. Each home care provider must establish and implement a written procedure to ensure that all cases of suspected maltreatment are reported.

(b) Each home care provider must develop and implement an individual abuse prevention plan for each vulnerable minor or adult for whom home care services are provided by a home care provider. The plan shall contain an individualized review or assessment of the person's susceptibility to abuse by another individual, including other vulnerable adults or minors; the person's risk of abusing other vulnerable adults or minors; and statements of the specific measures to be taken to minimize the risk of abuse to that person and other vulnerable adults or minors. For purposes of the abuse prevention plan, the term abuse includes self-abuse.

Subd. 7. **Employee records.** The home care provider must maintain current records of each paid employee, regularly scheduled volunteers providing home care services, and of each individual contractor providing home care services. The records must include the following information:

(1) evidence of current professional licensure, registration, or certification, if licensure, registration, or certification is required by this statute, or other rules;

(2) records of orientation, required annual training and infection control training, and competency evaluations;

(3) current job description, including qualifications, responsibilities, and identification of staff providing supervision;

(4) documentation of annual performance reviews which identify areas of improvement needed and training needs;

(5) for individuals providing home care services, verification that required health screenings under section 144A.4798 have taken place and the dates of those screenings; and

(6) documentation of the background study as required under section 144.057.

Each employee record must be retained for at least three years after a paid employee, home care volunteer, or contractor ceases to be employed by or under contract with the home care provider. If a home care provider ceases operation, employee records must be maintained for three years.

Sec. 17. **[144A.4791] HOME CARE PROVIDER RESPONSIBILITIES WITH RESPECT TO CLIENTS.**

Subdivision 1. **Home care bill of rights; notification to client.** (a) The home care provider shall provide the client or the client's representative a written notice of the rights under section 144A.44 in a language that the client or the client's representative can understand before the initiation of services to that client. If a written version is not available, the home care bill of rights must be communicated to the client or client's representative in a language they can understand.

(b) In addition to the text of the home care bill of rights in section 144A.44, subdivision 1, the notice shall also contain the following statement describing how to file a complaint with these offices.

"If you have a complaint about the provider or the person providing your home care services, you may call, write, or visit the Office of Health Facility Complaints, Minnesota Department of Health. You may also contact the Office of Ombudsman for Long-Term Care or the Office of Ombudsman for Mental Health and Developmental Disabilities."

The statement should include the telephone number, Web site address, e-mail address, mailing address, and street address of the Office of Health Facility Complaints at the Minnesota Department of Health, the Office of the Ombudsman for Long-Term Care, and the Office of the Ombudsman for Mental Health and Developmental Disabilities. The statement should also include the home care provider's name, address, e-mail, telephone number, and name or title of the person at the provider to whom problems or complaints may be directed. It must also include a statement that the home care provider will not retaliate because of a complaint.

(c) The home care provider shall obtain written acknowledgment of the client's receipt of the home care bill of rights or shall document why an acknowledgment cannot be obtained. The acknowledgment may be obtained from the client or the client's representative. Acknowledgment of receipt shall be retained in the client's record.

Subd. 2. **Notice of services for dementia, Alzheimer's disease, or related disorders.** The home care provider that provides services to clients with dementia shall provide in written or electronic form, to clients and families or other persons who request it, a description of the training program and related training it provides, including the categories of employees trained, the frequency of training, and the basic topics covered. This information satisfies the disclosure requirements in section 325F.72, subdivision 2, clause (4).

Subd. 3. **Statement of home care services.** Prior to the initiation of services, a home care provider must provide to the client or the client's representative a written statement which identifies if they have a basic or comprehensive home care license, the services they are authorized to provide, and which services they cannot provide under the scope of their license. The home care provider shall obtain written acknowledgment from the clients that they have provided the statement or must document why they could not obtain the acknowledgment.

Subd. 4. **Acceptance of clients.** No home care provider may accept a person as a client unless the home care provider has staff, sufficient in qualifications, competency, and numbers, to adequately provide the services agreed to in the service plan and that are within the provider's scope of practice.

Subd. 5. **Referrals.** If a home care provider reasonably believes that a client is in need of another medical or health service, including a licensed health professional, or social service provider, the home care provider shall:

(1) determine the client's preferences with respect to obtaining the service; and

(2) inform the client of resources available, if known, to assist the client in obtaining services.

Subd. 6. **Initiation of services.** When a provider initiates services and the individualized review or assessment required in subdivisions 7 and 8 has not been completed, the provider must complete a temporary plan and agreement with the client for services.

Subd. 7. **Basic individualized client review and monitoring.** (a) When services being provided are basic home care services, an individualized initial review of the client's needs and preferences must be conducted at the client's residence with the client or client's representative. This initial review must be completed within 30 days after the initiation of the home care services.

(b) Client monitoring and review must be conducted as needed based on changes in the needs of the client and cannot exceed 90 days from the date of the last review. The monitoring and review may be conducted at the client's residence or through the utilization of telecommunication methods based on practice standards that meet the individual client's needs.

Subd. 8. **Comprehensive assessment, monitoring, and reassessment.** (a) When the services being provided are comprehensive home care services, an individualized initial assessment must be conducted in-person by a registered nurse. When the services are provided by other licensed health professionals, the assessment must be conducted by the appropriate health professional. This initial assessment must be completed within five days after initiation of home care services.

(b) Client monitoring and reassessment must be conducted in the client's home no more than 14 days after initiation of services.

(c) Ongoing client monitoring and reassessment must be conducted as needed based on changes in the needs of the client and cannot exceed 90 days from the last date of the assessment. The monitoring and reassessment may be conducted at the client's residence or through the utilization of telecommunication methods based on practice standards that meet the individual client's needs.

Subd. 9. **Service plan, implementation, and revisions to service plan.** (a) No later than 14 days after the initiation of services, a home care provider shall finalize a current written service plan.

(b) The service plan and any revisions must include a signature or other authentication by the home care provider and by the client or the client's representative documenting agreement on the services to be provided. The service plan must be revised, if needed, based on client review or reassessment under subdivisions 7 and 8. The provider must provide information to the client about changes to the provider's fee for services and how to contact the Office of the Ombudsman for Long-Term Care.

(c) The home care provider must implement and provide all services required by the current service plan.

(d) The service plan and revised service plan must be entered into the client's record, including notice of a change in a client's fees when applicable.

(e) Staff providing home care services must be informed of the current written service plan.

(f) The service plan must include:

(1) a description of the home care services to be provided, the fees for services, and the frequency of each service, according to the client's current review or assessment and client preferences;

(2) the identification of the staff or categories of staff who will provide the services;

(3) the schedule and methods of monitoring reviews or assessments of the client;

(4) the frequency of sessions of supervision of staff and type of personnel who will supervise staff; and

(5) a contingency plan that includes:

(i) the action to be taken by the home care provider and by the client or client's representative if the scheduled service cannot be provided;

(ii) information and method for a client or client's representative to contact the home care provider;

(iii) names and contact information of persons the client wishes to have notified in an emergency or if there is a significant adverse change in the client's condition, including identification of and information as to who has authority to sign for the client in an emergency; and

(iv) the circumstances in which emergency medical services are not to be summoned consistent with chapters 145B and 145C, and declarations made by the client under those chapters.

Subd. 10. **Termination of service plan.** (a) If a home care provider terminates a service plan with a client, and the client continues to need home care services, the home care provider shall provide the client and the client's representative, if any, with a written notice of termination which includes the following information:

(1) the effective date of termination;

(2) the reason for termination;

(3) a list of known licensed home care providers in the client's immediate geographic area;

(4) a statement that the home care provider will participate in a coordinated transfer of care of the client to another home care provider, health care provider, or caregiver, as required by the home care bill of rights, section 144A.44, subdivision 1, clause (17);

(5) the name and contact information of a person employed by the home care provider with whom the client may discuss the notice of termination; and

(6) if applicable, a statement that the notice of termination of home care services does not constitute notice of termination of the housing with services contract with a housing with services establishment.

(b) When the home care provider voluntarily discontinues services to all clients, the home care provider must notify the commissioner, lead agencies, and the ombudsman for long-term care about its clients and comply with the requirements in this subdivision.

Subd. 11. **Client complaint and investigative process.** (a) The home care provider must have a written policy and system for receiving, investigating, reporting, and attempting to resolve complaints from its clients or clients' representatives. The policy should clearly identify the process by which clients may file a complaint or concern about home care services and an explicit statement that the home care provider will not discriminate or retaliate against a client for expressing concerns or complaints. A home care provider must have a process in place to conduct investigations of complaints made by the client or the client's representative about the services in the client's plan that are or are not being provided or other items covered in the client's home care bill of rights. This complaint system must provide reasonable accommodations for any special needs of the client or client's representative if requested.

(b) The home care provider must document the complaint, name of the client, investigation, and resolution of each complaint filed. The home care provider must maintain a record of all activities regarding complaints received, including the date the complaint was received, and the home care provider's investigation and resolution of the complaint. This complaint record must be kept for each event for at least two years after the date of entry and must be available to the commissioner for review.

(c) The required complaint system must provide for written notice to each client or client's representative that includes:

(1) the client's right to complain to the home care provider about the services received;

(2) the name or title of the person or persons with the home care provider to contact with complaints;

(3) the method of submitting a complaint to the home care provider; and

(4) a statement that the provider is prohibited against retaliation according to paragraph (d).

(d) A home care provider must not take any action that negatively affects a client in retaliation for a complaint made or a concern expressed by the client or the client's representative.

Subd. 12. **Disaster planning and emergency preparedness plan.** The home care provider must have a written plan of action to facilitate the management of the client's care and services in response to a natural disaster, such as flood and storms, or other emergencies that may disrupt the home care provider's ability to provide care or services. The licensee must provide adequate orientation and training of staff on emergency preparedness.

Subd. 13. **Request for discontinuation of life-sustaining treatment.** (a) If a client, family member, or other caregiver of the client requests that an employee or other agent of the home care provider discontinue a life-sustaining treatment, the employee or agent receiving the request:

(1) shall take no action to discontinue the treatment; and

(2) shall promptly inform their supervisor or other agent of the home care provider of the client's request.

(b) Upon being informed of a request for termination of treatment, the home care provider shall promptly:

(1) inform the client that the request will be made known to the physician who ordered the client's treatment;

(2) inform the physician of the client's request; and

(3) work with the client and the client's physician to comply with the provisions of the Health Care Directive Act in chapter 145C.

(c) This section does not require the home care provider to discontinue treatment, except as may be required by law or court order.

(d) This section does not diminish the rights of clients to control their treatments, refuse services, or terminate their relationships with the home care provider.

(e) This section shall be construed in a manner consistent with chapter 145B or 145C, whichever applies, and declarations made by clients under those chapters.

Sec. 18. **[144A.4792] MEDICATION MANAGEMENT.**

Subdivision 1. **Medication management services; comprehensive home care license.** (a) This subdivision applies only to home care providers with a comprehensive home care license that provides medication management services to clients. Medication management services may not be provided by a home care provider that has a basic home care license.

(b) A comprehensive home care provider who provides medication management services must develop, implement, and maintain current written medication management policies and procedures. The policies and procedures must be developed under the supervision and direction of a registered nurse, licensed health professional, or pharmacist consistent with current practice standards and guidelines.

(c) The written policies and procedures must address requesting and receiving prescriptions for medications; preparing and giving medications; verifying that prescription drugs are administered as prescribed; documenting medication management activities; controlling and storing medications; monitoring and evaluating medication use; resolving medication errors; communicating with the prescriber, pharmacist, and client and client representative, if any; disposing of unused medications; and educating clients and client representatives about medications. When controlled substances are being managed, the policies and procedures must also identify how the provider will ensure security and accountability for the overall management, control, and disposition of those substances in compliance with state and federal regulations and with subdivision 22.

Subd. 2. **Provision of medication management services.** (a) For each client who requests medication management services, the comprehensive home care provider shall, prior to providing medication management services, have a registered nurse, licensed health professional, or authorized prescriber under section 151.37 conduct an assessment to determine what mediation management services will be provided and how the services will be provided. This assessment must be conducted face-to-face with the client. The assessment must include an identification and review of all medications the client is known to be taking. The review and identification must include indications for medications, side effects, contraindications, allergic or adverse reactions, and actions to address these issues.

(b) The assessment must identify interventions needed in management of medications to prevent diversion of medication by the client or others who may have access to the medications. Diversion of medications means the misuse, theft, or illegal or improper disposition of medications.

Subd. 3. **Individualized medication monitoring and reassessment.** The comprehensive home care provider must monitor and reassess the client's medication management services as needed under subdivision 14 when the client presents with symptoms or other issues that may be medication-related and, at a minimum, annually.

Subd. 4. **Client refusal.** The home care provider must document in the client's record any refusal for an assessment for medication management by the client. The provider must discuss with the client the possible consequences of the client's refusal and document the discussion in the client's record.

Subd. 5. **Individualized medication management plan.** (a) For each client receiving medication management services, the comprehensive home care provider must prepare and include in the service plan a written statement of the medication management services that will be provided to the client. The provider must develop and maintain a current individualized medication management record for each client based on the client's assessment that must contain the following:

(1) a statement describing the medication management services that will be provided;

(2) a description of storage of medications based on the client's needs and preferences, risk of diversion, and consistent with the manufacturer's directions;

(3) documentation of specific client instructions relating to the administration of medications;

(4) identification of persons responsible for monitoring medication supplies and ensuring that medication refills are ordered on a timely basis;

(5) identification of medication management tasks that may be delegated to unlicensed personnel;

(6) procedures for staff notifying a registered nurse or appropriate licensed health professional when a problem arises with medication management services; and

(7) any client-specific requirements relating to documenting medication administration, verifications that all medications are administered as prescribed, and monitoring of medication use to prevent possible complications or adverse reactions.

(b) The medication management record must be current and updated when there are any changes.

Subd. 6. **Administration of medication.** Medications may be administered by a nurse, physician, or other licensed health practitioner authorized to administer medications or by unlicensed personnel who have been delegated medication administration tasks by a registered nurse.

Subd. 7. **Delegation of medication administration.** When administration of medications is delegated to unlicensed personnel, the comprehensive home care provider must ensure that the registered nurse has:

(1) instructed the unlicensed personnel in the proper methods to administer the medications, and the unlicensed personnel has demonstrated ability to competently follow the procedures;

(2) specified, in writing, specific instructions for each client and documented those instructions in the client's records; and

(3) communicated with the unlicensed personnel about the individual needs of the client.

Subd. 8. **Documentation of administration of medications.** Each medication administered by comprehensive home care provider staff must be documented in the client's record. The documentation must include the signature and title of the person who administered the medication. The documentation must include the medication name, dosage, date and time administered, and method and route of administration. The staff must document the reason why medication administration was not completed as prescribed and document any follow-up procedures that were provided to meet the client's needs when medication was not administered as prescribed and in compliance with the client's medication management plan.

Subd. 9. **Documentation of medication set up.** Documentation of dates of medication set up, name of medication, quantity of dose, times to be administered, route of administration, and name of person completing medication set up must be done at time of set up.

Subd. 10. **Medications management for clients who will be away from home.** (a) A home care provider that is providing medication management services to the client and controls the client's access to the medications must develop and implement policies and procedures for giving accurate and current medications to clients for planned or unplanned times away from home according to the client's individualized medication management plan. The policy and procedures must state that:

(1) for planned time away, the medications must be obtained from the pharmacy or set up by the registered nurse according to appropriate state and federal laws and nursing standards of practice;

(2) for unplanned time away, when the pharmacy is not able to provide the medications, a licensed nurse or unlicensed personnel shall give the client or client's representative medications in amounts and dosages needed for the length of the anticipated absence, not to exceed 120 hours;

(3) the client, or the client's representative, must be provided written information on medications, including any special instructions for administering or handling the medications, including controlled substances;

(4) the medications must be placed in a medication container or containers appropriate to the provider's medication system and must be labeled with the client's name and the dates and times that the medications are scheduled; and

(5) the client or client's representative must be provided in writing the home care provider's name and information on how to contact the home care provider.

(b) For unplanned time away when the licensed nurse is not available, the registered nurse may delegate this task to unlicensed personnel if:

(1) the registered nurse has trained the unlicensed staff and determined the unlicensed staff is competent to follow the procedures for giving medications to clients;

(2) the registered nurse has developed written procedures for the unlicensed personnel, including any special instructions or procedures regarding controlled substances that are prescribed for the client. The procedures must address:

(i) the type of container or containers to be used for the medications appropriate to the provider's medication system;

(ii) how the container or containers must be labeled;

(iii) the written information about the medications to be given to the client or client's representative;

(iv) how the unlicensed staff will document in the client's record that medications have been given to the client or the client's representative, including documenting the date the medications were given to the client or the client's representative and who received the medications, the person who gave the medications to the client, the number of medications that were given to the client, and other required information;

(v) how the registered nurse will be notified that medications have been given to the client or client's representative and whether the registered nurse needs to be contacted before the medications are given to the client or the client's representative; and

(vi) a review by the registered nurse of the completion of this task to verify that this task was completed accurately by the unlicensed personnel.

Subd. 11. **Prescribed and nonprescribed medication.** The comprehensive home care provider must determine whether it will require a prescription for all medications it manages. The comprehensive home care provider must inform the client or the client's representative whether the comprehensive home care provider requires a prescription for all over-the-counter and dietary supplements before the comprehensive home care provider will agree to manage those medications.

Subd. 12. **Medications; over-the-counter; dietary supplements not prescribed.** A comprehensive home care provider providing medication management services for over-the-counter drugs or dietary supplements must retain those items in the original labeled container with directions for use prior to setting up for immediate or later administration. The provider must verify that the medications are up-to-date and stored as appropriate.

Subd. 13. **Prescriptions.** There must be a current written or electronically recorded prescription as defined in Minnesota Rules, part 6800.0100, subpart 11a, for all prescribed medications that the comprehensive home care provider is managing for the client.

Subd. 14. **Renewal of prescriptions.** Prescriptions must be renewed at least every 12 months or more frequently as indicated by the assessment in subdivision 2. Prescriptions for controlled substances must comply with chapter 152.

Subd. 15. **Verbal prescription orders.** Verbal prescription orders from an authorized prescriber must be received by a nurse or pharmacist. The order must be handled according to Minnesota Rules, part 6800.6200.

Subd. 16. **Written or electronic prescription.** When a written or electronic prescription is received, it must be communicated to the registered nurse in charge and recorded or placed in the client's record.

Subd. 17. **Records confidential.** A prescription or order received verbally, in writing, or electronically must be kept confidential according to sections 144.291 to 144.298 and 144A.44.

Subd. 18. **Medications provided by client or family members.** When the comprehensive home care provider is aware of any medications or dietary supplements that are being used by the client and are not included in the assessment for medication management services, the staff must advise the registered nurse and document that in the client's record.

Subd. 19. **Storage of drugs.** A comprehensive home care provider providing storage of medications outside of the client's private living space must store all prescription drugs in securely locked and substantially constructed compartments according to the manufacturer's directions and permit only authorized personnel to have access.

Subd. 20. **Prescription drugs.** A prescription drug, prior to being set up for immediate or later administration, must be kept in the original container in which it was dispensed by the pharmacy bearing the original prescription label with legible information including the expiration or beyond-use date of a time-dated drug.

Subd. 21. **Prohibitions.** No prescription drug supply for one client may be used or saved for use by anyone other than the client.

Subd. 22. **Disposition of drugs.** (a) Any current medications being managed by the comprehensive home care provider must be given to the client or the client's representative when the client's service plan ends or medication management services are no longer part of the service plan. Medications that have been stored in the client's private living space for a client that is deceased or that have been discontinued or that have expired may be given to the client or the client's representative for disposal.

(b) The comprehensive home care provider will dispose of any medications remaining with the comprehensive home care provider that are discontinued or expired or upon the termination of the service contract or the client's death according to state and federal regulations for disposition of drugs and controlled substances.

(c) Upon disposition, the comprehensive home care provider must document in the client's record the disposition of the medications including the medication's name, strength, prescription number as applicable, quantity, to whom the medications were given, date of disposition, and names of staff and other individuals involved in the disposition.

Subd. 23. **Loss or spillage.** (a) Comprehensive home care providers providing medication management must develop and implement procedures for loss or spillage of all controlled substances defined in Minnesota Rules, part 6800.4220. These procedures must require that when a spillage of a controlled substance occurs, a notation must be made in the client's record explaining the spillage and the actions taken. The notation must be signed by the person responsible for the spillage and include verification that any contaminated substance was disposed of according to state or federal regulations.

(b) The procedures must require the comprehensive home care provider of medication management to investigate any known loss or unaccounted for prescription drugs and take appropriate action required under state or federal regulations and document the investigation in required records.

Sec. 19. **[144A.4793] TREATMENT AND THERAPY MANAGEMENT SERVICES.**

Subdivision 1. **Providers with a comprehensive home care license.** This section applies only to home care providers with a comprehensive home care license that provide treatment or therapy management services to clients. Treatment or therapy management services cannot be provided by a home care provider that has a basic home care license.

Subd. 2. **Policies and procedures.** (a) A comprehensive home care provider who provides treatment and therapy management services must develop, implement, and maintain up-to-date written treatment or therapy management policies and procedures. The policies and procedures must be developed under the supervision and direction of a registered nurse or appropriate licensed health professional consistent with current practice standards and guidelines.

(b) The written policies and procedures must address requesting and receiving orders or prescriptions for treatments or therapies, providing the treatment or therapy, documenting of treatment or therapy activities, educating and communicating with clients about treatments or therapy they are receiving, monitoring and evaluating the treatment and therapy, and communicating with the prescriber.

Subd. 3. **Individualized treatment or therapy management plan.** For each client receiving management of ordered or prescribed treatments or therapy services, the comprehensive home care provider must prepare and include in the service plan a written statement of the treatment or therapy services that will be provided to the client. The provider must also develop and maintain a current individualized treatment and therapy management record for each client which must contain at least the following:

(1) a statement of the type of services that will be provided;

(2) documentation of specific client instructions relating to the treatments or therapy administration;

(3) identification of treatment or therapy tasks that will be delegated to unlicensed personnel;

(4) procedures for notifying a registered nurse or appropriate licensed health professional when a problem arises with treatments or therapy services; and

(5) any client-specific requirements relating to documentation of treatment and therapy received, verification that all treatment and therapy was administered as prescribed, and monitoring of treatment or therapy to prevent possible complications or adverse reactions. The treatment or therapy management record must be current and updated when there are any changes.

Subd. 4. **Administration of treatments and therapy.** Ordered or prescribed treatments or therapies must be administered by a nurse, physician, or other licensed health professional authorized to perform the treatment or therapy, or may be delegated or assigned to unlicensed personnel by the licensed health professional according to

the appropriate practice standards for delegation or assignment. When administration of a treatment or therapy is delegated or assigned to unlicensed personnel, the home care provider must ensure that the registered nurse or authorized licensed health professional has:

(1) instructed the unlicensed personnel in the proper methods with respect to each client and has demonstrated their ability to competently follow the procedures;

(2) specified, in writing, specific instructions for each client and documented those instructions in the client's record; and

(3) communicated with the unlicensed personnel about the individual needs of the client.

Subd. 5. **Documentation of administration of treatments and therapies.** Each treatment or therapy administered by a comprehensive home care provider must be documented in the client's record. The documentation must include the signature and title of the person who administered the treatment or therapy and must include the date and time of administration. When treatment or therapies are not administered as ordered or prescribed, the provider must document the reason why it was not administered and any follow-up procedures that were provided to meet the client's needs.

Subd. 6. **Orders or prescriptions.** There must be an up-to-date written or electronically recorded order or prescription for all treatments and therapies. The order must contain the name of the client, description of the treatment or therapy to be provided, and the frequency and other information needed to administer the treatment or therapy.

Sec. 20. **[144A.4794] CLIENT RECORD REQUIREMENTS.**

Subdivision 1. **Client record.** (a) The home care provider must maintain records for each client for whom it is providing services. Entries in the client records must be current, legible, permanently recorded, dated, and authenticated with the name and title of the person making the entry.

(b) Client records, whether written or electronic, must be protected against loss, tampering, or unauthorized disclosure in compliance with chapter 13 and other applicable relevant federal and state laws. The home care provider shall establish and implement written procedures to control use, storage, and security of client's records and establish criteria for release of client information.

(c) The home care provider may not disclose to any other person any personal, financial, medical, or other information about the client, except:

(1) as may be required by law;

(2) to employees or contractors of the home care provider, another home care provider, other health care practitioner or provider, or inpatient facility needing information in order to provide services to the client, but only such information that is necessary for the provision of services;

(3) to persons authorized in writing by the client or the client's representative to receive the information, including third-party payers; and

(4) to representatives of the commissioner authorized to survey or investigate home care providers under this chapter or federal laws.

Subd. 2. **Access to records.** The home care provider must ensure that the appropriate records are readily available to employees or contractors authorized to access the records. Client records must be maintained in a manner that allows for timely access, printing, or transmission of the records.

Subd. 3. **Contents of client record.** Contents of a client record include the following for each client:

(1) identifying information, including the client's name, date of birth, address, and telephone number;

(2) the name, address, and telephone number of an emergency contact, family members, client's representative, if any, or others as identified;

(3) names, addresses, and telephone numbers of the client's health and medical service providers and other home care providers, if known;

(4) health information, including medical history, allergies, and when the provider is managing medications, treatments or therapies that require documentation, and other relevant health records;

(5) client's advance directives, if any;

(6) the home care provider's current and previous assessments and service plans;

(7) all records of communications pertinent to the client's home care services;

(8) documentation of significant changes in the client's status and actions taken in response to the needs of the client including reporting to the appropriate supervisor or health care professional;

(9) documentation of incidents involving the client and actions taken in response to the needs of the client including reporting to the appropriate supervisor or health care professional;

(10) documentation that services have been provided as identified in the service plan;

(11) documentation that the client has received and reviewed the home care bill of rights;

(12) documentation that the client has been provided the statement of disclosure on limitations of services under section 144A.4791, subdivision 3;

(13) documentation of complaints received and resolution;

(14) discharge summary, including service termination notice and related documentation, when applicable; and

(15) other documentation required under this chapter and relevant to the client's services or status.

Subd. 4. **Transfer of client records.** If a client transfers to another home care provider or other health care practitioner or provider, or is admitted to an inpatient facility, the home care provider, upon request of the client or the client's representative, shall take steps to ensure a coordinated transfer including sending a copy or summary of the client's record to the new home care provider, facility, or the client, as appropriate.

Subd. 5. **Record retention.** Following the client's discharge or termination of services, a home care provider must retain a client's record for at least five years, or as otherwise required by state or federal regulations. Arrangements must be made for secure storage and retrieval of client records if the home care provider ceases business.

Sec. 21. **[144A.4795] HOME CARE PROVIDER RESPONSIBILITIES; STAFF.**

Subdivision 1. **Qualifications, training, and competency.** All staff providing home care services must be trained and competent in the provision of home care services consistent with current practice standards appropriate to the client's needs.

Subd. 2. **Licensed health professionals and nurses.** (a) Licensed health professionals and nurses providing home care services as an employee of a licensed home care provider must possess current Minnesota license or registration to practice.

(b) Licensed health professionals and registered nurses must be competent in assessing client needs, planning appropriate home care services to meet client needs, implementing services, and supervising staff if assigned.

(c) Nothing in this section limits or expands the rights of nurses or licensed health professionals to provide services within the scope of their licenses or registrations, as provided by law.

Subd. 3. **Unlicensed personnel.** (a) Unlicensed personnel providing basic home care services must have:

(1) successfully completed a training and competency evaluation appropriate to the services provided by the home care provider and the topics listed in subdivision 7, paragraph (b); or

(2) demonstrated competency by satisfactorily completing a written or oral test on the tasks the unlicensed personnel will perform and in the topics listed in subdivision 7, paragraph (b); and successfully demonstrate competency of topics in subdivision 7, paragraph (b), clauses (5), (7), and (8), by a practical skills test.

Unlicensed personnel providing home care services for a basic home care provider may not perform delegated nursing or therapy tasks.

(b) Unlicensed personnel performing delegated nursing tasks for a comprehensive home care provider must:

(1) have successfully completed training and demonstrated competency by successfully completing a written or oral test of the topics in subdivision 7, paragraphs (b) and (c), and a practical skills test on tasks listed in subdivision 7, paragraphs (b), clauses (5) and (7), and (c), clauses (3), (5), (6), and (7), and all the delegated tasks they will perform;

(2) satisfy the current requirements of Medicare for training or competency of home health aides or nursing assistants, as provided by Code of Federal Regulations, title 42, section 483 or section 484.36; or

(3) have, before April 19, 1993, completed a training course for nursing assistants that was approved by the commissioner.

(c) Unlicensed personnel performing therapy or treatment tasks delegated or assigned by a licensed health professional must meet the requirements for delegated tasks in subdivision 4 and any other training or competency requirements within the licensed health professional scope of practice relating to delegation or assignment of tasks to unlicensed personnel.

Subd. 4. **Delegation of home care tasks.** A registered nurse or licensed health professional may delegate tasks only to staff that are competent and possess the knowledge and skills consistent with the complexity of the tasks and according to the appropriate Minnesota Practice Act. The comprehensive home care provider must establish and implement a system to communicate up-to-date information to the registered nurse or licensed health professional regarding the current available staff and their competency so the registered nurse or licensed health professional has sufficient information to determine the appropriateness of delegating tasks to meet individual client needs and preferences.

Subd. 5. **Individual contractors.** When a home care provider contracts with an individual contractor excluded from licensure under section 144A.471 to provide home care services, the contractor must meet the same requirements required by this section for personnel employed by the home care provider.

Subd. 6. **Temporary staff.** When a home care provider contracts with a temporary staffing agency excluded from licensure under section 144A.471, those individuals must meet the same requirements required by this section for personnel employed by the home care provider and shall be treated as if they are staff of the home care provider.

Subd. 7. **Requirements for instructors, training content, and competency evaluations for unlicensed personnel.** (a) Instructors and competency evaluators must meet the following requirements:

(1) training and competency evaluations of unlicensed personnel providing basic home care services must be conducted by individuals with work experience and training in providing home care services listed in section 144A.471, subdivisions 6 and 7; and

(2) training and competency evaluations of unlicensed personnel providing comprehensive home care services must be conducted by a registered nurse, or another instructor may provide training in conjunction with the registered nurse. If the home care provider is providing services by licensed health professionals only, then that specific training and competency evaluation may be conducted by the licensed health professionals as appropriate.

(b) Training and competency evaluations for all unlicensed personnel must include the following:

(1) documentation requirements for all services provided;

(2) reports of changes in the client's condition to the supervisor designated by the home care provider;

(3) basic infection control, including blood-borne pathogens;

(4) maintenance of a clean and safe environment;

(5) appropriate and safe techniques in personal hygiene and grooming, including:

(i) hair care and bathing;

(ii) care of teeth, gums, and oral prosthetic devices;

(iii) care and use of hearing aids; and

(iv) dressing and assisting with toileting;

(6) training on the prevention of falls for providers working with the elderly or individuals at risk of falls;

(7) standby assistance techniques and how to perform them;

(8) medication, exercise, and treatment reminders;

(9) basic nutrition, meal preparation, food safety, and assistance with eating;

(10) preparation of modified diets as ordered by a licensed health professional;

(11) communication skills that include preserving the dignity of the client and showing respect for the client and the client's preferences, cultural background, and family;

(12) awareness of confidentiality and privacy;

(13) understanding appropriate boundaries between staff and clients and the client's family;

(14) procedures to utilize in handling various emergency situations; and

(15) awareness of commonly used health technology equipment and assistive devices.

(c) In addition to paragraph (b), training and competency evaluation for unlicensed personnel providing comprehensive home care services must include:

(1) observation, reporting, and documenting of client status;

(2) basic knowledge of body functioning and changes in body functioning, injuries, or other observed changes that must be reported to appropriate personnel;

(3) reading and recording temperature, pulse, and respirations of the client;

(4) recognizing physical, emotional, cognitive, and developmental needs of the client;

(5) safe transfer techniques and ambulation;

(6) range of motioning and positioning; and

(7) administering medications or treatments as required.

(d) When the registered nurse or licensed health professional delegates tasks, they must ensure that prior to the delegation the unlicensed personnel is trained in the proper methods to perform the tasks or procedures for each client and are able to demonstrate the ability to competently follow the procedures and perform the tasks. If an unlicensed personnel has not regularly performed the delegated home care task for a period of 24 consecutive months, the unlicensed personnel must demonstrate competency in the task to the registered nurse or appropriate licensed health professional. The registered nurse or licensed health professional must document instructions for the delegated tasks in the client's record.

Sec. 22. **[144A.4796] ORIENTATION AND ANNUAL TRAINING REQUIREMENTS.**

Subdivision 1. **Orientation of staff and supervisors to home care.** All staff providing and supervising direct home care services must complete an orientation to home care licensing requirements and regulations before providing home care services to clients. The orientation may be incorporated into the training required under subdivision 6. The orientation need only be completed once for each staff person and is not transferable to another home care provider.

Subd. 2. **Content.** The orientation must contain the following topics:

(1) an overview of sections 144A.43 to 144A.4798;

(2) introduction and review of all the provider's policies and procedures related to the provision of home care services;

(3) handling of emergencies and use of emergency services;

(4) compliance with and reporting the maltreatment of minors or vulnerable adults under sections 626.556 and 626.557;

(5) home care bill of rights, under section 144A.44;

(6) handling of clients' complaints; reporting of complaints and where to report complaints including information on the Office of Health Facility Complaints and the Common Entry Point;

(7) consumer advocacy services of the Office of Ombudsman for Long-Term Care, Office of Ombudsman for Mental Health and Developmental Disabilities, Managed Care Ombudsman at the Department of Human Services, county managed care advocates, or other relevant advocacy services; and

(8) review of the types of home care services the employee will be providing and the provider's scope of licensure.

Subd. 3. **Verification and documentation of orientation.** Each home care provider shall retain evidence in the employee record of each staff person having completed the orientation required by this section.

Subd. 4. **Orientation to client.** Staff providing home care services must be oriented specifically to each individual client and the services to be provided. This orientation may be provided in person, orally, in writing, or electronically.

Subd. 5. **Training required relating to Alzheimer's disease and related disorders.** For home care providers that provide services for persons with Alzheimer's or related disorders, all direct care staff and supervisors working with those clients must receive training that includes a current explanation of Alzheimer's disease and related disorders effective approaches to use to problem solve when working with a client's challenging behaviors, and how to communicate with clients who have Alzheimer's or related disorders.

Subd. 6. **Required annual training.** All staff that perform direct home care services must complete at least eight hours of annual training for each 12 months of employment. The training may be obtained from the home care provider or another source and must include topics relevant to the provision of home care services. The annual training must include:

(1) training on reporting of maltreatment of minors under section 626.556 and maltreatment of vulnerable adults under section 626.557, whichever is applicable to the services provided;

(2) review of the home care bill of rights in section 144A.44;

(3) review of infection control techniques used in the home and implementation of infection control standards including a review of hand washing techniques; the need for and use of protective gloves, gowns, and masks; appropriate disposal of contaminated materials and equipment, such as dressings, needles, syringes, and razor blades; disinfecting reusable equipment; disinfecting environmental surfaces; and reporting of communicable diseases; and

(4) review of the provider's policies and procedures relating to the provision of home care services and how to implement those policies and procedures.

Subd. 7. **Documentation.** A home care provider must retain documentation in the employee records of the staff that have satisfied the orientation and training requirements of this section.

Sec. 23. **[144A.4797] PROVISION OF SERVICES.**

Subdivision 1. **Availability of contact person to staff.** (a) A home care provider with a basic home care license must have a person available to staff for consultation on items relating to the provision of services or about the client.

(b) A home care provider with a comprehensive home care license must have a registered nurse available for consultation to staff performing delegated nursing tasks and must have an appropriate licensed health professional available if performing other delegated services such as therapies.

(c) The appropriate contact person must be readily available either in person, by telephone, or by other means to the staff at times when the staff is providing services.

Subd. 2. **Supervision of staff; basic home care services.** (a) Staff who perform basic home care services must be supervised periodically where the services are being provided to verify that the work is being performed competently and to identify problems and solutions to address issues relating to the staff's ability to provide the services. The supervision of the unlicensed personnel must be done by staff of the home care provider having the authority, skills, and ability to provide the supervision of unlicensed personnel and who can implement changes as needed, and train staff.

(b) Supervision includes direct observation of unlicensed personnel while they are providing the services and may also include indirect methods of gaining input such as gathering feedback from the client. Supervisory review of staff must be provided at a frequency based on the staff person's competency and performance.

(c) For an individual who is licensed as a home care provider, this section does not apply.

Subd. 3. **Supervision of staff providing delegated nursing or therapy home care tasks.** (a) Staff who perform delegated nursing or therapy home care tasks must be supervised by an appropriate licensed health professional or a registered nurse periodically where the services are being provided to verify that the work is being performed competently and to identify problems and solutions related to the staff person's ability to perform the tasks. Supervision of staff performing medication or treatment administration shall be provided by a registered nurse or appropriate licensed health professional and must include observation of the staff administering the medication or treatment and the interaction with the client.

(b) The direct supervision of staff performing delegated tasks must be provided within 30 days after the individual begins working for the home care provider and thereafter as needed based on performance. This requirement also applies to staff who have not performed delegated tasks for one year or longer.

Subd. 4. **Documentation.** A home care provider must retain documentation of supervision activities in the personnel records.

Subd. 5. **Exemption.** This section does not apply to an individual licensed under sections 144A.43 to 144A.4799.

Sec. 24. **[144A.4798] EMPLOYEE HEALTH STATUS.**

Subdivision 1. **Tuberculosis (TB) prevention and control.** A home care provider must establish and maintain a TB prevention and control program based on the most current guidelines issued by the Centers for Disease Control and Prevention (CDC). Components of a TB prevention and control program include screening all staff providing home care services, both paid and unpaid, at the time of hire for active TB disease and latent TB infection, and developing and implementing a written TB infection control plan. The commissioner shall make the most recent CDC standards available to home care providers on the department's Web site.

Subd. 2. **Communicable diseases.** A home care provider must follow current federal or state guidelines for prevention, control, and reporting of human immunodeficiency virus (HIV), hepatitis B virus (HBV), hepatitis C virus, or other communicable diseases as defined in Minnesota Rules, part 4605.7040.

Sec. 25. **[144A.4799] DEPARTMENT OF HEALTH LICENSED HOME CARE PROVIDER ADVISORY COUNCIL.**

Subdivision 1. **Membership.** The commissioner of health shall appoint eight persons to a home care provider advisory council consisting of the following:

(1) three public members as defined in section 214.02 who shall be either persons who are currently receiving home care services or have family members receiving home care services, or persons who have family members who have received home care services within five years of the application date;

(2) three Minnesota home care licensees representing basic and comprehensive levels of licensure who may be a managerial official, an administrator, a supervising registered nurse, or an unlicensed personnel performing home care tasks;

(3) one member representing the Minnesota Board of Nursing; and

(4) one member representing the ombudsman for long-term care.

Subd. 2. **Organizations and meetings.** The advisory council shall be organized and administered under section 15.059 with per diems and costs paid within the limits of available appropriations. Meetings will be held quarterly and hosted by the department. Subcommittees may be developed as necessary by the commissioner. Advisory council meetings are subject to the Open Meeting Law under chapter 13D.

Subd. 3. **Duties.** At the commissioner's request, the advisory council shall provide advice regarding regulations of Department of Health licensed home care providers in this chapter such as:

(1) advice to the commissioner regarding community standards for home care practices;

(2) advice to the commissioner on enforcement of licensing standards and whether certain disciplinary actions are appropriate;

(3) advice to the commissioner about ways of distributing information to licensees and consumers of home care;

(4) advice to the commissioner about training standards;

(5) identify emerging issues and opportunities in the home care field, including the use of technology in home and telehealth capabilities; and

(6) perform other duties as directed by the commissioner.

Sec. 26. **[144A.481] HOME CARE LICENSING IMPLEMENTATION FOR NEW LICENSEES AND TRANSITION PERIOD FOR CURRENT LICENSEES.**

Subdivision 1. **Temporary home care licenses and changes of ownership.** (a) Beginning January 1, 2014, all temporary license applicants must apply for either a temporary basic or comprehensive home care license.

(b) Temporary home care temporary licenses issued beginning January 1, 2014, will be issued according to the provisions in sections 144A.43 to 144A.4799 and fees in section 144A.472 and will be required to comply with this chapter.

(c) No temporary licenses or licenses will be accepted or issued between October 1, 2013, and December 31, 2013.

(d) Beginning October 1, 2013, changes in ownership applications will require payment of the new fees listed in section 144A.472.

Subd. 2. **Current home care licensees with licenses prior to July 1, 2013.** (a) Beginning July 1, 2014, department licensed home care providers must apply for either the basic or comprehensive home care license on their regularly scheduled renewal date.

(b) By June 30, 2015, all home care providers must either have a basic or comprehensive home care license or temporary license.

Subd. 3. **Renewal application of home care licensure during transition period.** Renewal of home care licenses issued beginning July 1, 2014, will be issued according to sections 144A.43 to 144A.4799 and, upon license renewal, providers must comply with sections 144A.43 to 144A.4799. Prior to renewal, providers must comply with the home care licensure law in effect on June 30, 2013.

The fees charged for licenses renewed between July 1, 2014, and June 30, 2016, shall be the lesser of 200 percent or $1,000, except where the 200 percent or $1,000 increase exceeds the actual renewal fee charged, with a maximum renewal fee of $6,625.

For fiscal year 2014 only, the fees for providers with revenues greater than $25,000 and no more than $100,000 will be $313 and for providers with revenues no more than $25,000 the fee will be $125.

Sec. 27. **[144A.482] REGISTRATION OF HOME MANAGEMENT PROVIDERS.**

(a) For purposes of this section, a home management provider is an individual or organization that provides at least two of the following services: housekeeping, meal preparation, and shopping, to a person who is unable to perform these activities due to illness, disability, or physical condition.

(b) A person or organization that provides only home management services may not operate in the state without a current certificate of registration issued by the commissioner of health. To obtain a certificate of registration, the person or organization must annually submit to the commissioner the name, mailing and physical address, e-mail address, and telephone number of the individual or organization and a signed statement declaring that the individual or organization is aware that the home care bill of rights applies to their clients and that the person or organization will comply with the home care bill of rights provisions contained in section 144A.44. An individual or organization applying for a certificate must also provide the name, business address, and telephone number of each of the individuals responsible for the management or direction of the organization.

(c) The commissioner shall charge an annual registration fee of $20 for individuals and $50 for organizations. The registration fee shall be deposited in the state treasury and credited to the state government special revenue fund.

(d) A home care provider that provides home management services and other home care services must be licensed, but licensure requirements other than the home care bill of rights do not apply to those employees or volunteers who provide only home management services to clients who do not receive any other home care services from the provider. A licensed home care provider need not be registered as a home management service provider, but must provide an orientation on the home care bill of rights to its employees or volunteers who provide home management services.

(e) An individual who provides home management services under this section must, within 120 days after beginning to provide services, attend an orientation session approved by the commissioner that provides training on the home care bill of rights and an orientation on the aging process and the needs and concerns of elderly and disabled persons.

(f) The commissioner may suspend or revoke a provider's certificate of registration or assess fines for violation of the home care bill of rights. Any fine assessed for a violation of the home care bill of rights by a provider registered under this section shall be in the amount established in the licensure rules for home care providers. As a condition of registration, a provider must cooperate fully with any investigation conducted by the commissioner, including providing specific information requested by the commissioner on clients served and the employees and volunteers who provide services. Fines collected under this paragraph shall be deposited in the state treasury and credited to the fund specified in the statute or rule in which the penalty was established.

(g) The commissioner may use any of the powers granted in sections 144A.43 to 144A.4799 to administer the registration system and enforce the home care bill of rights under this section.

Sec. 28. **AGENCY QUALITY IMPROVEMENT PROGRAM.**

Subdivision 1. **Annual legislative report on home care licensing.** The commissioner shall establish a quality improvement program for the home care survey and home care complaint investigation processes. The commissioner shall submit to the legislature an annual report, beginning October 1, 2015, and each October 1 thereafter. Each report will review the previous state fiscal year of home care licensing and regulatory activities. The report must include, but is not limited to, an analysis of:

(1) the number of FTE's in the Division of Compliance Monitoring, including the Office of Health Facility Complaints units assigned to home care licensing, survey, investigation and enforcement process;

(2) numbers of and descriptive information about licenses issued, complaints received and investigated, including allegations made and correction orders issued, surveys completed and timelines, and correction order reconsiderations and results;

(3) descriptions of emerging trends in home care provision and areas of concern identified by the department in its regulation of home care providers;

(4) information and data regarding performance improvement projects underway and planned by the commissioner in the area of home care surveys; and

(5) work of the Department of Health Home Care Advisory Council.

Subd. 2. **Study of correction order appeal process.** Starting July 1, 2015, the commissioner shall study whether to add a correction order appeal process conducted by an independent reviewer such as an administrative law judge or other office and submit a report to the legislature by February 1, 2016. The commissioner shall review home care regulatory systems in other states as part of that study. The commissioner shall consult with the home care providers and representatives.

Sec. 29. **INTEGRATED LICENSING SYSTEM FOR HOME CARE AND HOME AND COMMUNITY-BASED SERVICES.**

(a) The Department of Health Compliance Monitoring Division and the Department of Human Services Licensing Division shall jointly develop an integrated licensing system for providers of both home care services subject to licensure under Minnesota Statutes, chapter 144A, and for home and community-based services subject to licensure under Minnesota Statutes, chapter 245D. The integrated licensing system shall:

(1) require only one license of any provider of services under Minnesota Statutes, sections 144A.43 to 144A.482, and 245D.03, subdivision 1;

(2) promote quality services that recognize a person's individual needs and protect the person's health, safety, rights, and well-being;

(3) promote provider accountability through application requirements, compliance inspections, investigations, and enforcement actions;

(4) reference other applicable requirements in existing state and federal laws, including the federal Affordable Care Act;

(5) establish internal procedures to facilitate ongoing communications between the agencies, and with providers and services recipients about the regulatory activities;

(6) create a link between the agency Web sites so that providers and the public can access the same information regardless of which Web site is accessed initially; and

(7) collect data on identified outcome measures as necessary for the agencies to report to the Centers for Medicare and Medicaid Services.

(b) The joint recommendations for legislative changes to implement the integrated licensing system are due to the legislature by February 15, 2014.

(c) Before implementation of the integrated licensing system, providers licensed as home care providers under Minnesota Statutes, chapter 144A, may also provide home and community-based services subject to licensure under Minnesota Statutes, chapter 245D, without obtaining a home and community-based services license under Minnesota Statutes, chapter 245D. During this time, the conditions under clauses (1) to (3) shall apply to these providers:

(1) the provider must comply with all requirements under Minnesota Statutes, chapter 245D, for services otherwise subject to licensure under Minnesota Statutes, chapter 245D;

(2) a violation of requirements under Minnesota Statutes, chapter 245D, may be enforced by the Department of Health under the enforcement authority set forth in Minnesota Statutes, section 144A.475; and

(3) the Department of Health will provide information to the Department of Human Services about each provider licensed under this section, including the provider's license application, licensing documents, inspections, information about complaints received, and investigations conducted for possible violations of Minnesota Statutes, chapter 245D.

Sec. 30. **REPEALER.**

(a) Minnesota Statutes 2012, sections 144A.46; and 144A.461, are repealed.

(b) Minnesota Rules, parts 4668.0002; 4668.0003; 4668.0005; 4668.0008; 4668.0012; 4668.0016; 4668.0017; 4668.0019; 4668.0030; 4668.0035; 4668.0040; 4668.0050; 4668.0060; 4668.0065; 4668.0070; 4668.0075; 4668.0080; 4668.0100; 4668.0110; 4668.0120; 4668.0130; 4668.0140; 4668.0150; 4668.0160; 4668.0170; 4668.0180; 4668.0190; 4668.0200; 4668.0218; 4668.0220; 4668.0230; 4668.0240; 4668.0800; 4668.0805; 4668.0810; 4668.0815; 4668.0820; 4668.0825; 4668.0830; 4668.0835; 4668.0840; 4668.0845; 4668.0855; 4668.0860; 4668.0865; 4668.0870; 4669.0001; 4669.0010; 4669.0020; 4669.0030; 4669.0040; and 4669.0050, are repealed.

Sec. 31. **EFFECTIVE DATE.**

Sections 1 to 30 are effective the day following final enactment.

ARTICLE 12
HEALTH DEPARTMENT

Section 1. Minnesota Statutes 2012, section 16A.724, subdivision 2, is amended to read:

Subd. 2. **Transfers.** (a) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective for the biennium beginning July 1, 2007, the commissioner of management and budget shall transfer the excess funds from the health care access fund to the general fund on June 30 of each year, provided that the amount transferred in any fiscal biennium shall not exceed $96,000,000. The purpose of this transfer is to meet the rate increase required under Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6.

(b) For fiscal years 2006 to 2011, MinnesotaCare shall be a forecasted program, and, if necessary, the commissioner shall reduce these transfers from the health care access fund to the general fund to meet annual MinnesotaCare expenditures or, if necessary, transfer sufficient funds from the general fund to the health care access fund to meet annual MinnesotaCare expenditures.

(c) Notwithstanding section 295.581, to the extent available resources in the health care access fund exceed expenditures in that fund, effective for the biennium beginning July 1, 2013, the commissioner of management and budget shall transfer $1,000,000 each fiscal year from the health access fund to the medical education and research costs fund established under section 62J.692, for distribution under section 62J.692, subdivision 4, paragraph (b).

Sec. 2. **[62A.3094] COVERAGE FOR AUTISM SPECTRUM DISORDERS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in paragraphs (b) to (e) have the meanings given.

(b) "Autism spectrum disorders" means the conditions as determined by criteria set forth in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association.

(c) "Health plan" has the meaning given in section 62Q.01, subdivision 3.

(d) "Medically necessary care" means health care services appropriate, in terms of type, frequency, level, setting, and duration, to the enrollee's condition, and diagnostic testing and preventative services. Medically necessary care must be consistent with generally accepted practice parameters as determined by physicians and licensed psychologists who typically manage patients who have autism spectrum disorders.

(e) "Mental health professional" has the meaning given in section 245.4871, subdivision 27.

Subd. 2. **Optional coverage required.** (a) A health plan must provide:

(1) all health benefits related to the treatment of autism spectrum disorders required by the essential health benefits required under section 1302 of the Affordable Care Act;

(2) all health benefits required by this section or any other section of Minnesota Statutes as of December 31, 2012; and

(3) an offer of one or more options for the purchase of supplemental autism coverage for young children for children under age 18 for the diagnosis, evaluation, assessment, and medically necessary care of autism spectrum disorders, including but not limited to the following:

(i) early intensive behavioral and developmental therapy based in behavioral and developmental science, including but not limited to applied behavior analysis, intensive early intervention behavior therapy, intensive behavior intervention, and Lovaas therapy and developmental approaches;

(ii) neurodevelopmental and behavioral health treatments and management;

(iii) speech therapy;

(iv) occupational therapy;

(v) physical therapy; and

(vi) medications.

(b) The diagnosis, evaluation, and assessment must include an assessment of the child's developmental skills, functional behavior, needs, and capacities.

(c) The coverage option required under this section shall include treatment that is in accordance with an individualized treatment plan prescribed by the insured's treating physician or mental health professional.

(d) A health plan may not refuse to renew or reissue, or otherwise terminate or restrict, coverage of an individual solely because the individual is diagnosed with an autism spectrum disorder.

(e) A health plan may request an updated treatment plan only once every six months, unless the health plan and the treating physician or mental health professional agree that a more frequent review is necessary due to emerging circumstances.

(f) An independent progress evaluation conducted by a mental health professional with expertise and training in autism spectrum disorder and child development must be completed to determine if progress toward functional and generalizable gains, as determined in the treatment plan, is being made.

(g) A health plan may cap the dollar value of the supplemental coverage offered under this subdivision, but may not cap the value at less than $50,000 per calendar year per individual receiving a diagnosis of autism spectrum disorder.

Subd. 3. **No effect on other law.** Nothing in this section limits in any way the coverage required under section 62Q.47.

Subd. 4. **State health care programs.** This section does not affect benefits available under the medical assistance and MinnesotaCare programs and does not limit, restrict, or otherwise reduce coverage under these programs.

EFFECTIVE DATE. This section is effective January 1, 2014, and sunsets effective December 31, 2015, and applies to coverage offered, issued, sold, renewed, or continued as defined in Minnesota Statutes, section 60A.02, subdivision 2a, on or after that date.

Sec. 3. **[62D.0425] NET WORTH LIMIT.**

(a) Between July 1, 2013, and June 30, 2018, no health maintenance organization shall have a net worth of more than 25 percent of the sum of all expenses incurred during the most recent calendar year, except as provided in paragraph (b).

(b) A health maintenance organization may have a net worth of more than 25 percent of the sum of all expenses incurred during the most recent calendar year if necessary to maintain capital reserves at the level of the product of 2.0 and its authorized control level risk-based capital, as required pursuant to sections 60A.50 to 60A.592 and 62D.04. Paragraphs (c) and (d) do not apply to health maintenance organizations permitted, under this paragraph, to have a net worth greater than 25 percent of the sum of all expenses incurred during the most recent calendar year.

(c) By June 15, 2013, and annually thereafter until June 15, 2017, for a health maintenance organization that has a net worth of more than 25 percent of the sum of all expenses incurred during the most recent calendar year, the commissioner of health, in consultation with the commissioners of commerce and human services, shall determine:

(1) capital reserves using the National Association of Insurance Commissioners definitions of admitted assets, which shall be used in clauses (2) to (5);

(2) the proportion of capital reserves that are reasonably attributable to net underwriting gains in Minnesota public health care programs based on annual financial filings for calendar years 2003 through 2012;

(3) the proportion of capital reserves that are reasonably attributable to investment gains associated with net underwriting gains in Minnesota public health care programs based on annual financial filings for calendar years 2003 through 2012;

(4) any adjustments needed to clause (1) or (2) based on corporate reorganizations, since 2003; and

(5) any adjustments needed to account for the impact of annual financial filings for calendar years 2013 through 2016.

(d) A health maintenance organization that has a net worth of more than 25 percent of the sum of all expenses incurred during the most recent calendar year shall reduce its capital reserves as follows:

(1) as determined by paragraph (c), the proportion of capital reserves that are greater than 25 percent of the sum of all expenses incurred during the most recent calendar year and that are reasonably attributable to net underwriting gains and investment gains associated with net underwriting gains in Minnesota public health care programs shall be spent down. The health maintenance organization shall place excess capital reserves in a special restricted account under the control of the health maintenance organization. The special restricted account may only be used to pay for a portion of the health maintenance organization's current public program enrollee premiums. The health maintenance organization shall spend no less than 50 percent of this special restricted account in any state fiscal year beginning on or after July 1, 2013; and

(2) the proportion of capital reserves that are greater than 25 percent of the sum of all expenses incurred during the most recent calendar year and that are not reasonably attributable to net underwriting gains and investment gains associated with net underwriting gains in Minnesota public health care programs shall be spent down. The health maintenance organization shall place these excess capital reserves in a second special restricted account under the control of the health maintenance organization. The health maintenance organization may use this special restricted account to benefit current enrollees by moderating variation in premium increases, assisting enrollees in accessing new benefits, reducing health disparities, promoting health, wellness and preventive services, and improving care coordination. Prior to spending down excess reserves from this special revenue account, the health maintenance organization's spenddown plan must be approved by the commissioner of health. The health maintenance organization shall spend no less than 33 percent of this special restricted account in any state fiscal year beginning July 1, 2013.

(e) The health maintenance organization must spend down all of the reserves placed in its special restricted accounts by July 1, 2018. All reserves placed in a special account must be spent according to paragraph (d), unless the reserves are necessary for the health maintenance organization to maintain capital reserves at the level of the product of 2.0 and its authorized control level risk-based capital, as required pursuant to sections 60A.50 to 60A.592 and 62D.04, in which case the health maintenance organization may transfer funds out of its special restricted accounts in a manner approved by the commissioner of health.

(f) The commissioner of health must approve all health maintenance organization expenditures for the acquisition of any asset that is not an admitted asset under National Association of Insurance Commissioners definitions. The commissioner shall disapprove any acquisition unless the health maintenance organization demonstrates that the acquisition is: (1) consistent with its long-standing business practices; or (2) more beneficial to enrollees than benefits to enrollees under paragraph (d).

Sec. 4. Minnesota Statutes 2012, section 62J.692, subdivision 4, is amended to read:

Subd. 4. **Distribution of funds.** (a) The commissioner shall annually distribute the available medical education funds to all qualifying applicants based on a distribution formula that reflects a summation of two factors:

(1) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool; and

(2) a supplemental public program volume factor, which is determined by providing a supplemental payment of 20 percent of each training site's grant to training sites whose public program revenue accounted for at least 0.98 percent of the total public program revenue received by all eligible training sites. Grants to training sites whose public program revenue accounted for less than 0.98 percent of the total public program revenue received by all eligible training sites shall be reduced by an amount equal to the total value of the supplemental payment.

Public program revenue for the distribution formula includes revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care. Training sites that receive no public program revenue are ineligible for funds available under this subdivision. For purposes of determining training-site level grants to be distributed under paragraph (a), total statewide average costs per trainee for medical residents is based on audited clinical training costs per trainee in primary care clinical medical education programs for medical residents. Total statewide average costs per trainee for dental residents is based on audited clinical training costs per trainee in clinical medical education programs for dental students. Total statewide average costs per trainee for pharmacy residents is based on audited clinical training costs per trainee in clinical medical education programs for pharmacy students. Training sites whose training site level grant is less than $1,000, based on the formula described in this paragraph, are ineligible for funds available under this subdivision.

(b) Of available medical education funds, $1,000,000 shall be distributed each year for grants to family medicine residency programs located outside of the seven-county metropolitan area, as defined in section 473.121, subdivision 4, focused on eduction and training of family medicine physicians to serve communities outside the metropolitan area. To be eligible for a grant under this paragraph, a family medicine residency program must demonstrate that over the most recent three calendar years, at least 25 percent of its residents practice in Minnesota communities outside of the metropolitan area. Grant funds must be allocated proportionally based on the number of residents per eligible residency program.

(c) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

~~(c)~~ (d) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds allocated under paragraph (a) to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the Department of Education or the Centers for Medicare and Medicaid Services, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

(1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

~~(d)~~ (e) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

~~(e)~~ (f) A maximum of $150,000 of the funds dedicated to the commissioner under section 297F.10, subdivision 1, clause (2), may be used by the commissioner for administrative expenses associated with implementing this section.

Sec. 5. Minnesota Statutes 2012, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. **Designation.** (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations, underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

(i) has nonprofit status in accordance with chapter 317A;

(ii) has tax-exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);

(iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and

(iv) does not restrict access or services because of a client's financial limitation;

(3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;

(4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions;

(5) a sole community hospital. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services. For purposes of this section, "sole community hospital" means a rural hospital that:

(i) is eligible to be classified as a sole community hospital according to Code of Federal Regulations, title 42, section 412.92, or is located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services;

(ii) has experienced net operating income losses in two of the previous three most recent consecutive hospital fiscal years for which audited financial information is available; and

(iii) consists of 40 or fewer licensed beds; ~~or~~

(6) a birth center licensed under section 144.615~~.~~; or

(7) a hospital, and its affiliated specialty clinics, whose inpatients are predominantly under 21 years of age and that meets the following criteria:

(i) provides intensive specialty pediatric services that are routinely provided in only four or fewer hospitals in the state; and

(ii) serves children from at least one-half of the counties in the state.

(b) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.

(c) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.

(d) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.

Sec. 6. Minnesota Statutes 2012, section 103I.005, is amended by adding a subdivision to read:

Subd. 1a. **Bored geothermal heat exchanger.** "Bored geothermal heat exchanger" means an earth-coupled heating or cooling device consisting of a sealed closed-loop piping system installed in a boring in the ground to transfer heat to or from the surrounding earth with no discharge.

Sec. 7. Minnesota Statutes 2012, section 103I.521, is amended to read:

103I.521 FEES ~~DEPOSITED WITH COMMISSIONER OF MANAGEMENT AND BUDGET~~.

Unless otherwise specified, fees collected ~~for licenses or registration~~ by the commissioner under this chapter shall be deposited in the state treasury and credited to the state government special revenue fund.

Sec. 8. Minnesota Statutes 2012, section 144.123, subdivision 1, is amended to read:

~~Subdivision 1. **Who must pay.**~~ Except for the limitation contained in this section, the commissioner of health ~~shall charge a handling fee~~ may enter into a contractual agreement to recover costs incurred for analysis for diagnostic purposes for each specimen submitted to the Department of Health ~~for analysis for diagnostic purposes~~ by any hospital, ~~private~~ laboratory, ~~private~~ clinic, or physician. ~~No fee shall be charged to any entity which receives direct or indirect financial assistance from state or federal funds administered by the Department of Health, including any public health department, nonprofit community clinic, sexually transmitted disease clinic, or similar entity. No fee will be charged~~ The commissioner shall not charge for any biological materials submitted to the Department of Health as a requirement of Minnesota Rules, part 4605.7040, or for those biological materials requested by the department to gather information for disease prevention or control purposes. The commissioner of health may establish other exceptions to the handling fee as may be necessary to protect the public's health. ~~All fees collected pursuant to this section shall be deposited in the state treasury and credited to the state government special revenue fund.~~ Funds generated in a contractual agreement made pursuant to this section shall be deposited in a special account and are appropriated to the commissioner for purposes of providing the services specified in the contracts. All such contractual agreements shall be processed in accordance with the provisions of chapter 16C.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 9. Minnesota Statutes 2012, section 144.125, subdivision 1, is amended to read:

Subdivision 1. **Duty to perform testing.** (a) It is the duty of (1) the administrative officer or other person in charge of each institution caring for infants 28 days or less of age, (2) the person required in pursuance of the provisions of section 144.215, to register the birth of a child, or (3) the nurse midwife or midwife in attendance at the birth, to arrange to have administered to every infant or child in its care tests for heritable and congenital disorders according to subdivision 2 and rules prescribed by the state commissioner of health.

(b) Testing ~~and the,~~ recording ~~and~~ of test results, reporting of test results, and follow-up of infants with heritable congenital disorders, including hearing loss detected through the early hearing detection and intervention program in section 144.966, shall be performed at the times and in the manner prescribed by the commissioner of health. ~~The commissioner shall charge a fee so that the total of fees collected will approximate the costs of conducting the tests and implementing and maintaining a system to follow up infants with heritable or congenital disorders, including hearing loss detected through the early hearing detection and intervention program under section 144.966.~~

(c) The fee ~~is $101 per specimen. Effective July 1, 2010, the fee shall be increased to $106~~ to support the newborn screening program, including tests administered under this section and section 144.966, shall be $145 per specimen. ~~The increased fee amount shall be deposited in the general fund. Costs associated with capital expenditures and the development of new procedures may be prorated over a three-year period when calculating the amount of the fees.~~ This fee amount shall be deposited in the state treasury and credited to the state government special revenue fund.

(d) The fee to offset the cost of the support services provided under section 144.966, subdivision 3a, shall be $15 per specimen. This fee shall be deposited in the state treasury and credited to the general fund.

Sec. 10. **[144.1251] NEWBORN SCREENING FOR CRITICAL CONGENITAL HEART DISEASE (CCHD).**

Subdivision 1. **Required testing and reporting.** Each licensed hospital or state-licensed birthing center or facility that provides maternity and newborn care services shall provide screening for congenital heart disease to all newborns prior to discharge using pulse oximetry screening. This screening should occur before discharge from the nursery, after the infant turns 24 hours of age. If discharge prior to 24 hours after birth occurs, screening should occur as close as possible to the time of discharge. Results of this screening must be reported to the Department of Health.

For premature infants (less than 36 weeks of gestation) and infants admitted to a higher-level nursery (special care or intensive care), pulse oximetry should be performed when medically appropriate, but always prior to discharge.

Subd. 2. **Implementation.** The Department of Health shall:

(1) communicate the screening protocol requirements;

(2) make information and forms available to the persons with a duty to perform testing and reporting, health care providers, parents of newborns, and the public on screening and parental options;

(3) provide training to ensure compliance with and appropriate implementation of the screening;

(4) establish the mechanism for the required data collection and reporting of screening and follow-up diagnostic results to the Department of Health according to the Department of Health's recommendations;

(5) coordinate the implementation of universal standardized screening;

(6) act as a resource for providers as the screening program is implemented, and in consultation with the Advisory Committee on Heritable and Congenital Disorders, develop and implement policies for early medical and developmental intervention services and long-term follow-up services for children and their families identified with a CCHD; and

(7) comply with sections 144.125 to 144.128.

Sec. 11. **[144.492] DEFINITIONS.**

Subdivision 1. **Applicability.** For the purposes of sections 144.492 to 144.494, the terms defined in this section have the meanings given them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of health.

Subd. 3. **Stroke.** "Stroke" means the sudden death of brain cells in a localized area due to inadequate blood flow.

Sec. 12. **[144.493] CRITERIA.**

Subdivision 1. **Comprehensive stroke center.** A hospital meets the criteria for a comprehensive stroke center if the hospital has been certified as a comprehensive stroke center by the joint commission or another nationally recognized accreditation entity.

Subd. 2. **Primary stroke center.** A hospital meets the criteria for a primary stroke center if the hospital has been certified as a primary stroke center by the joint commission or another nationally recognized accreditation entity.

Subd. 3. **Acute stroke ready hospital.** A hospital meets the criteria for an acute stroke ready hospital if the hospital has the following elements of an acute stroke ready hospital:

(1) an acute stroke team available and/or on-call 24 hours a days, seven days a week;

(2) written stroke protocols, including triage, stabilization of vital functions, initial diagnostic tests, and use of medications;

(3) a written plan and letter of cooperation with emergency medical services regarding triage and communication that are consistent with regional patient care procedures;

(4) emergency department personnel who are trained in diagnosing and treating acute stroke;

(5) the capacity to complete basic laboratory tests, electrocardiograms, and chest x-rays 24 hours a day, seven days a week;

(6) the capacity to perform and interpret brain injury imaging studies 24 hours a days, seven days a week;

(7) written protocols that detail available emergent therapies and reflect current treatment guidelines, which include performance measures and are revised at least annually;

(8) a neurosurgery coverage plan, call schedule, and a triage and transportation plan;

(9) transfer protocols and agreements for stroke patients; and

(10) a designated medical director with experience and expertise in acute stroke care.

Sec. 13. **[144.494] DESIGNATING STROKE CENTERS AND STROKE HOSPITALS.**

Subdivision 1. **Naming privileges.** Unless it has been designated as a stroke center or stroke hospital pursuant to section 144.493, no hospital shall use the term "stroke center" or "stroke hospital" in its name or its advertising or shall otherwise indicate it has stroke treatment capabilities.

Subd. 2. **Designation.** A hospital that voluntarily meets the criteria for a comprehensive stroke center, primary stroke center, or acute stroke ready hospital may apply to the commissioner for designation, and upon the commissioner's review and approval of the application, shall be designated as a comprehensive stroke center, a primary stroke center, or an acute stroke ready hospital for a three-year period. If a hospital loses its certification as a comprehensive stroke center or primary stroke center from the joint commission or other nationally recognized accreditation entity, its Minnesota designation will be immediately withdrawn. Prior to the expiration of the three-year designation, a hospital seeking to remain part of the voluntary acute stroke system may reapply to the commissioner for designation.

Sec. 14. **[144.554] HEALTH FACILITIES CONSTRUCTION PLAN SUBMITTAL AND FEES.**

For hospitals, nursing homes, boarding care homes, residential hospices, supervised living facilities, freestanding outpatient surgical centers, and end-stage renal disease facilities, the commissioner shall collect a fee for the review and approval of architectural, mechanical, and electrical plans and specifications submitted before construction begins for each project relative to construction of new buildings, additions to existing buildings, or for remodeling or alterations of existing buildings. All fees collected in this section shall be deposited in the state treasury and credited to the state government special revenue fund. Fees must be paid at the time of submission of final plans for review and are not refundable. The fee is calculated as follows:

Construction project total estimated cost	Fee
$0 - $10,000	$30
$10,001 - $50,000	$150
$50,001 - $100,000	$300
$100,001 - $150,000	$450
$150,001 - $200,000	$600
$200,001 - $250,000	$750
$250,001 - $300,000	$900
$300,001 - $350,000	$1,050
$350,001 - $400,000	$1,200
$400,001 - $450,000	$1,350
$450,001 - $500,000	$1,500
$500,001 - $550,000	$1,650
$550,001 - $600,000	$1,800
$600,001 - $650,000	$1,950
$650,001 - $700,000	$2,100
$700,001 - $750,000	$2,250
$750,001 - $800,000	$2,400
$800,001 - $850,000	$2,550
$850,001 - $900,000	$2,700
$900,001 - $950,000	$2,850
$950,001 - $1,000,000	$3,000
$1,000,001 - $1,050,000	$3,150
$1,050,001 - $1,100,000	$3,300
$1,100,001 - $1,150,000	$3,450
$1,150,001 - $1,200,000	$3,600
$1,200,001 - $1,250,000	$3,750
$1,250,001 - $1,300,000	$3,900
$1,300,001 - $1,350,000	$4,050
$1,350,001 - $1,400,000	$4,200
$1,400,001 - $1,450,000	$4,350
$1,450,001 - $1,500,000	$4,500
$1,500,001 and over	$4,800

Sec. 15. Minnesota Statutes 2012, section 144.966, subdivision 2, is amended to read:

Subd. 2. **Newborn Hearing Screening Advisory Committee.** (a) The commissioner of health shall establish a Newborn Hearing Screening Advisory Committee to advise and assist the Department of Health and the Department of Education in:

(1) developing protocols and timelines for screening, rescreening, and diagnostic audiological assessment and early medical, audiological, and educational intervention services for children who are deaf or hard-of-hearing;

(2) designing protocols for tracking children from birth through age three that may have passed newborn screening but are at risk for delayed or late onset of permanent hearing loss;

(3) designing a technical assistance program to support facilities implementing the screening program and facilities conducting rescreening and diagnostic audiological assessment;

(4) designing implementation and evaluation of a system of follow-up and tracking; and

(5) evaluating program outcomes to increase effectiveness and efficiency and ensure culturally appropriate services for children with a confirmed hearing loss and their families.

(b) The commissioner of health shall appoint at least one member from each of the following groups with no less than two of the members being deaf or hard-of-hearing:

(1) a representative from a consumer organization representing culturally deaf persons;

(2) a parent with a child with hearing loss representing a parent organization;

(3) a consumer from an organization representing oral communication options;

(4) a consumer from an organization representing cued speech communication options;

(5) an audiologist who has experience in evaluation and intervention of infants and young children;

(6) a speech-language pathologist who has experience in evaluation and intervention of infants and young children;

(7) two primary care providers who have experience in the care of infants and young children, one of which shall be a pediatrician;

(8) a representative from the early hearing detection intervention teams;

(9) a representative from the Department of Education resource center for the deaf and hard-of-hearing or the representative's designee;

(10) a representative of the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans;

(11) a representative from the Department of Human Services Deaf and Hard-of-Hearing Services Division;

(12) one or more of the Part C coordinators from the Department of Education, the Department of Health, or the Department of Human Services or the department's designees;

(13) the Department of Health early hearing detection and intervention coordinators;

(14) two birth hospital representatives from one rural and one urban hospital;

(15) a pediatric geneticist;

(16) an otolaryngologist;

(17) a representative from the Newborn Screening Advisory Committee under this subdivision; and

(18) a representative of the Department of Education regional low-incidence facilitators.

The commissioner must complete the appointments required under this subdivision by September 1, 2007.

(c) The Department of Health member shall chair the first meeting of the committee. At the first meeting, the committee shall elect a chair from its membership. The committee shall meet at the call of the chair, at least four times a year. The committee shall adopt written bylaws to govern its activities. The Department of Health shall provide technical and administrative support services as required by the committee. These services shall include technical support from individuals qualified to administer infant hearing screening, rescreening, and diagnostic audiological assessments.

Members of the committee shall receive no compensation for their service, but shall be reimbursed as provided in section 15.059 for expenses incurred as a result of their duties as members of the committee.

(d) This subdivision expires June 30, ~~2013~~ 2019.

Sec. 16. Minnesota Statutes 2012, section 144.966, subdivision 3a, is amended to read:

Subd. 3a. **Support services to families.** The commissioner shall contract with a nonprofit organization to provide support and assistance to families with children who are deaf or have a hearing loss. The family support provided must include:

(1) direct hearing loss specific parent-to-parent assistance and unbiased information on communication, educational, and medical options, preferably provided by a program that is part of a national organization; and

(2) individualized deaf or hard of hearing mentors who provide education, including instruction in American Sign Language.

The commissioner shall give preference to a nonprofit organization that has the ability to provide these services throughout the state.

Sec. 17. Minnesota Statutes 2012, section 144.98, subdivision 3, is amended to read:

Subd. 3. **Annual fees.** (a) An application for accreditation under subdivision 6 must be accompanied by the annual fees specified in this subdivision. The annual fees include:

(1) base accreditation fee, ~~$1,500~~ $600;

(2) sample preparation techniques fee, $200 per technique;

(3) an administrative fee for laboratories located outside this state, ~~$3,750~~ $2,000; and

(4) test category fees.

(b) For the programs in subdivision 3a, the commissioner may accredit laboratories for fields of testing under the categories listed in clauses (1) to (10) upon completion of the application requirements provided by subdivision 6 and receipt of the fees for each category under each program that accreditation is requested. The categories offered and related fees include:

(1) microbiology, ~~$450~~ $200;

(2) inorganics, ~~$450~~ $200;

(3) metals, ~~$1,000~~ $500;

(4) volatile organics, ~~$1,300~~ $1,000;

(5) other organics, ~~$1,300~~ $1,000;

(6) radiochemistry, ~~$1,500~~ $750;

(7) emerging contaminants, ~~$1,500~~ $1,000;

(8) agricultural contaminants, ~~$1,250~~ $1,000;

(9) toxicity (bioassay), ~~$1,000~~ $500; and

(10) physical characterization, $250.

(c) The total annual fee includes the base fee, the sample preparation techniques fees, the test category fees per program, and, when applicable, an administrative fee for out-of-state laboratories.

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

Sec. 18. Minnesota Statutes 2012, section 144.98, subdivision 5, is amended to read:

Subd. 5. **State government special revenue fund.** Fees collected by the commissioner under this section must be deposited in the state treasury and credited to the state government special revenue fund.

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

Sec. 19. Minnesota Statutes 2012, section 144.98, is amended by adding a subdivision to read:

Subd. 10. **Establishing a selection committee.** (a) The commissioner shall establish a selection committee for the purpose of recommending approval of qualified laboratory assessors and assessment bodies. Committee members shall demonstrate competence in assessment practices. The committee shall initially consist of seven members appointed by the commissioner as follows:

(1) one member from a municipal laboratory accredited by the commissioner;

(2) one member from an industrial treatment laboratory accredited by the commissioner;

(3) one member from a commercial laboratory located in this state and accredited by the commissioner;

(4) one member from a commercial laboratory located outside the state and accredited by the commissioner;

(5) one member from a nongovernmental client of environmental laboratories;

(6) one member from a professional organization with a demonstrated interest in environmental laboratory data and accreditation; and

(7) one employee of the laboratory accreditation program administered by the department.

(b) Committee appointments begin on January 1 and end on December 31 of the same year.

(c) The commissioner shall appoint persons to fill vacant committee positions, expand the total number of appointed positions, or change the designated positions upon the advice of the committee.

(d) The commissioner shall rescind the appointment of a selection committee member for sufficient cause as the commissioner determines, such as:

(1) neglect of duty;

(2) failure to notify the commissioner of a real or perceived conflict of interest;

(3) nonconformance with committee procedures;

(4) failure to demonstrate competence in assessment practices; or

(5) official misconduct.

(e) Members of the selection committee shall be compensated according to the provisions in section 15.059, subdivision 3.

Sec. 20. Minnesota Statutes 2012, section 144.98, is amended by adding a subdivision to read:

Subd. 11. **Activities of the selection committee.** (a) The selection committee will determine assessor and assessment body application requirements, the frequency of application submittal, and the application review schedule. The commissioner shall publish the application requirements and procedures on the accreditation program Web site.

(b) In its selection process, the committee shall ensure its application requirements and review process:

(1) meet the standards implemented in subdivision 2a;

(2) ensure assessors have demonstrated competence in technical disciplines offered for accreditation by the commissioner; and

(3) consider any history of repeated nonconformance or complaints regarding assessors or assessment bodies.

(c) The selection committee shall consider an application received from qualified applicants and shall supply a list of recommended assessors and assessment bodies to the commissioner of health no later than 90 days after the commissioner notifies the committee of the need for review of applications.

Sec. 21. Minnesota Statutes 2012, section 144.98, is amended by adding a subdivision to read:

Subd. 12. **Commissioner approval of assessors and scheduling of assessments.** (a) The commissioner shall approve assessors who:

(1) are employed by the commissioner for the purpose of accrediting laboratories and demonstrate competence in assessment practices for environmental laboratories; or

(2) are employed by a state or federal agency with established agreements for mutual assistance or recognition with the commissioner and demonstrate competence in assessment practices for environmental laboratories.

(b) The commissioner may approve other assessors or assessment bodies who are recommended by the selection committee according to subdivision 11, paragraph (c). The commissioner shall publish the list of assessors and assessment bodies approved from the recommendations.

(c) The commissioner shall rescind approval for an assessor or assessment body for sufficient cause as the commissioner determines, such as:

(1) failure to meet the minimum qualifications for performing assessments;

(2) lack of availability;

(3) nonconformance with the applicable laws, rules, standards, policies, and procedures;

(4) misrepresentation of application information regarding qualifications and training; or

(5) excessive cost to perform the assessment activities.

Sec. 22. Minnesota Statutes 2012, section 144.98, is amended by adding a subdivision to read:

Subd. 13. **Laboratory requirements for assessor selection and scheduling assessments.** (a) A laboratory accredited or seeking accreditation that requires an assessment by the commissioner must select an assessor, group of assessors, or an assessment body from the published list specified in subdivision 12, paragraph (b). An accredited laboratory must complete an assessment and make all corrective actions at least once every 24 months. Unless the commissioner grants interim accreditation, a laboratory seeking accreditation must complete an assessment and make all corrective actions prior to, but no earlier than, 18 months prior to the date the application is submitted to the commissioner.

(b) A laboratory shall not select the same assessor more than twice in succession for assessments of the same facility unless the laboratory receives written approval from the commissioner for the selection. The laboratory must supply a written request to the commissioner for approval and must justify the reason for the request and provide the alternate options considered.

(c) A laboratory must select assessors appropriate to the size and scope of the laboratory's application or existing accreditation.

(d) A laboratory must enter into its own contract for direct payment of the assessors or assessment body. The contract must authorize the assessor, assessment body, or subcontractors to release all records to the commissioner regarding the assessment activity, when the assessment is performed in compliance with this statute.

(e) A laboratory must agree to permit other assessors as selected by the commissioner to participate in the assessment activities.

(f) If the laboratory determines no approved assessor is available to perform the assessment, the laboratory must notify the commissioner in writing and provide a justification for the determination. If the commissioner confirms no approved assessor is available, the commissioner may designate an alternate assessor from those approved in subdivision 12, paragraph (a), or the commissioner may delay the assessment until an assessor is available. If an approved alternate assessor performs the assessment, the commissioner may collect fees equivalent to the cost of performing the assessment activities.

(g) Fees collected under this section are deposited in a special account and are annually appropriated to the commissioner for the purpose of performing assessment activities.

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

Sec. 23. Minnesota Statutes 2012, section 144.99, subdivision 4, is amended to read:

Subd. 4. **Administrative penalty orders.** (a) The commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for violations of the statutes, rules, and other actions listed in subdivision 1. The procedures in section 144.991 must be followed when issuing administrative penalty orders. Except in the case of repeated or serious violations, the penalty assessed in the order must be forgiven if the person who is subject to the order demonstrates in writing to the commissioner before the 31st day after receiving the order that the person has corrected the violation or has developed a corrective plan acceptable to the commissioner. The maximum amount of an administrative penalty order is $10,000 for each violator for all violations by that violator identified in an inspection or review of compliance.

(b) Notwithstanding paragraph (a), the commissioner may issue to a large public water supply, serving a population of more than 10,000 persons, an administrative penalty order imposing a penalty of at least $1,000 per day per violation, not to exceed $10,000 for each violation of sections 144.381 to 144.385 and rules adopted thereunder.

(c) Notwithstanding paragraph (a), the commissioner may issue to a certified lead firm or person performing regulated lead work, an administrative penalty order imposing a penalty of at least $5,000 per violation per day, not to exceed $10,000 for each violation of sections 144.9501 to 144.9512 and rules adopted thereunder. All revenue collected from monetary penalties in this section shall be deposited in the state treasury and credited to the state government special revenue fund.

Sec. 24. **[145.4716] SAFE HARBOR FOR SEXUALLY EXPLOITED YOUTH.**

Subdivision 1. **Director.** The commissioner of health shall establish a position for a director of child sex trafficking prevention.

Subd. 2. **Duties of director.** The director of child sex trafficking prevention is responsible for the following:

(1) developing and providing comprehensive training on sexual exploitation of youth for social service professionals, medical professionals, public health workers, and criminal justice professionals;

(2) collecting, organizing, maintaining, and disseminating information on sexual exploitation and services across the state, including maintaining a list of resources on the Department of Health Web site;

(3) monitoring and applying for federal funding for antitrafficking efforts that may benefit victims in the state;

(4) managing grant programs established under this act;

(5) identifying best practices in serving sexually exploited youth, as defined in section 260C.007, subdivision 31;

(6) providing oversight of and technical support to regional navigators pursuant to section 145.4717;

(7) conducting a comprehensive evaluation of the statewide program for safe harbor of sexually exploited youth; and

(8) developing a policy, consistent with the requirements of chapter 13, for sharing data related to sexually exploited youth, as defined in section 260C.007, subdivision 31, among regional navigators and community-based advocates.

Sec. 25. **[145.4717] REGIONAL NAVIGATOR GRANTS.**

The commissioner of health, through its director of child sex trafficking prevention, established in section 145.4716, shall provide grants to regional navigators serving six regions of the state to be determined by the commissioner. Each regional navigator must develop and annually submit a work plan to the director of child sex trafficking prevention. The work plans must include, but are not limited to, the following information:

(1) a needs statement specific to the region, including an examination of the population at risk;

(2) regional resources available to sexually exploited youth, as defined in section 260C.007, subdivision 31;

(3) grant goals and measurable outcomes; and

(4) grant activities including timelines.

Sec. 26. **[145.4718] PROGRAM EVALUATION.**

(a) The director of child sex trafficking prevention, established under section 145.4716, must conduct, or contract for, comprehensive evaluation of the statewide program for safe harbor for sexually exploited youth. The first evaluation must be completed by June 30, 2015, and must be submitted to the commissioner of health by September 1, 2015, and every two years thereafter. The evaluation must consider whether the program is reaching intended victims and whether support services are available, accessible, and adequate for sexually exploited youth, as defined in section 260C.007, subdivision 31.

(b) In conducting the evaluation, the director of child sex trafficking prevention must consider evaluation of outcomes, including whether the program increases identification of sexually exploited youth, coordination of investigations, access to services and housing available for sexually exploited youth, and improved effectiveness of services. The evaluation must also include examination of the ways in which penalties under section 609.3241 are assessed, collected, and distributed to ensure funding for investigation, prosecution, and victim services to combat sexual exploitation of youth.

Sec. 27. Minnesota Statutes 2012, section 145.986, is amended to read:

145.986 STATEWIDE HEALTH IMPROVEMENT PROGRAM.

Subdivision 1. ~~**Grants to local communities**~~ **Purpose.** The purpose of the statewide health improvement program is to:

(1) address the top three leading preventable causes of illness and death: tobacco use and exposure, poor diet, and lack of regular physical activity;

(2) promote the development, availability, and use of evidence-based, community level, comprehensive strategies to create healthy communities; and

(3) measure the impact of the evidence-based, community health improvement practices which over time work to contain health care costs and reduce chronic diseases.

Subd. 1a. **Grants to local communities.** (a) Beginning July 1, 2009, the commissioner of health shall award competitive grants to community health boards established pursuant to section 145A.09 and tribal governments to convene, coordinate, and implement evidence-based strategies targeted at reducing the percentage of Minnesotans who are obese or overweight and to reduce the use of tobacco.

(b) Grantee activities shall:

(1) be based on scientific evidence;

(2) be based on community input;

(3) address behavior change at the individual, community, and systems levels;

(4) occur in community, school, worksite, and health care settings; ~~and~~

(5) be focused on policy, systems, and environmental changes that support healthy behaviors~~.~~; and

(6) address the health disparities and inequities that exist in the grantee's community.

(c) To receive a grant under this section, community health boards and tribal governments must submit proposals to the commissioner. A local match of ten percent of the total funding allocation is required. This local match may include funds donated by community partners.

(d) In order to receive a grant, community health boards and tribal governments must submit a health improvement plan to the commissioner of health for approval. The commissioner may require the plan to identify a community leadership team, community partners, and a community action plan that includes an assessment of area strengths and needs, proposed action strategies, technical assistance needs, and a staffing plan.

(e) The grant recipient must implement the health improvement plan, evaluate the effectiveness of the ~~interventions~~ strategies, and modify or discontinue ~~interventions~~ strategies found to be ineffective.

~~(f) By January 15, 2011, the commissioner of health shall recommend whether any funding should be distributed to community health boards and tribal governments based on health disparities demonstrated in the populations served.~~

~~(g)~~ (f) Grant recipients shall report their activities and their progress toward the outcomes established under subdivision 2 to the commissioner in a format and at a time specified by the commissioner.

~~(h)~~ (g) All grant recipients shall be held accountable for making progress toward the measurable outcomes established in subdivision 2. The commissioner shall require a corrective action plan and may reduce the funding level of grant recipients that do not make adequate progress toward the measurable outcomes.

(h) Notwithstanding paragraph (a), the commissioner may award funding to convene, coordinate, and implement evidence-based strategies targeted at reducing other risk factors, aside from tobacco use and exposure, poor diet, and lack of regular physical activity, that are associated with chronic disease and may impact public health. The commissioner shall develop a criteria and procedures to allocate funding under this section.

Subd. 2. **Outcomes.** (a) The commissioner shall set measurable outcomes to meet the goals specified in subdivision 1, and annually review the progress of grant recipients in meeting the outcomes.

(b) The commissioner shall measure current public health status, using existing measures and data collection systems when available, to determine baseline data against which progress shall be monitored.

Subd. 3. **Technical assistance and oversight.** (a) The commissioner shall provide content expertise, technical expertise, ~~and~~ training to grant recipients and advice on evidence-based strategies, including those based on populations and types of communities served. The commissioner shall ensure that the statewide health improvement program meets the outcomes established under subdivision 2 by conducting a comprehensive statewide evaluation and assisting grant recipients to modify or discontinue interventions found to be ineffective.

(b) For the purposes of carrying out the grant program under this section, including for administrative purposes, the commissioner shall award contracts to appropriate entities to assist in training and provide technical assistance to grantees.

(c) Contracts awarded under paragraph (b) may be used to provide technical assistance and training in the areas of:

(1) community engagement and capacity building;

(2) tribal support;

(3) community asset building and risk behavior reduction;

(4) legal;

(5) communications;

(6) community, school, health care, work site, and other site-specific strategies; and

(7) health equity.

Subd. 4. **Evaluation.** (a) Using the outcome measures established in subdivision 3, the commissioner shall conduct ~~a biennial~~ an evaluation of the statewide health improvement program funded under this section. Grant recipients shall cooperate with the commissioner in the evaluation and provide the commissioner with the information necessary to conduct the evaluation.

(b) Grant recipients will collect, monitor, and submit to the Department of Health baseline and annual data, and provide information to improve the quality and impact of community health improvement strategies.

(c) For the purposes of carrying out the grant program under this section, including for administrative purposes, the commissioner shall award contracts to appropriate entities to assist in designing and implementing evaluation systems.

(d) Contracts awarded under paragraph (c) may be used to:

(1) develop grantee monitoring and reporting systems to track grantee progress, including aggregated and disaggregated data;

(2) manage, analyze, and report program evaluation data results; and

(3) utilize innovative support tools to analyze and predict the impact of prevention strategies on health outcomes and state health care costs over time.

Subd. 5. **Report.** The commissioner shall submit a biennial report to the legislature on the statewide health improvement program funded under this section. These reports must include information on grant recipients, activities that were conducted using grant funds, evaluation data, and outcome measures, if available. In addition, the commissioner shall provide recommendations on future areas of focus for health improvement. These reports are due by January 15 of every other year, beginning in 2010. ~~In the report due on January 15, 2010, the commissioner shall include recommendations on a sustainable funding source for the statewide health improvement program other than the health care access fund.~~

Subd. 6. **Supplantation of existing funds.** Community health boards and tribal governments must use funds received under this section to develop new programs, expand current programs that work to reduce the percentage of Minnesotans who are obese or overweight or who use tobacco, or replace discontinued state or federal funds previously used to reduce the percentage of Minnesotans who are obese or overweight or who use tobacco. Funds must not be used to supplant current state or local funding to community health boards or tribal governments used to reduce the percentage of Minnesotans who are obese or overweight or to reduce tobacco use.

Sec. 28. Minnesota Statutes 2012, section 149A.02, subdivision 1a, is amended to read:

Subd. 1a. **Alkaline hydrolysis.** "Alkaline hydrolysis" means the reduction of a dead human body to essential elements through ~~exposure to a combination of heat and alkaline hydrolysis and the repositioning or movement of the body during the process to facilitate reduction,~~ a water-based dissolution process using alkaline chemicals, heat, agitation, and pressure to accelerate natural decomposition; the processing of the hydrolyzed remains after removal from the alkaline hydrolysis ~~chamber,~~ vessel; placement of the processed remains in a hydrolyzed remains container~~,~~; and release of the hydrolyzed remains to an appropriate party. Alkaline hydrolysis is a form of final disposition.

Sec. 29. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 1b. **Alkaline hydrolysis container.** "Alkaline hydrolysis container" means a hydrolyzable or biodegradable closed container or pouch resistant to leakage of bodily fluids that encases the body and into which a dead human body is placed prior to insertion into an alkaline hydrolysis vessel. Alkaline hydrolysis containers may be hydrolyzable or biodegradable alternative containers or caskets.

Sec. 30. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 1c. **Alkaline hydrolysis facility.** "Alkaline hydrolysis facility" means a building or structure containing one or more alkaline hydrolysis vessels for the alkaline hydrolysis of dead human bodies.

Sec. 31. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 1d. **Alkaline hydrolysis vessel.** "Alkaline hydrolysis vessel" means the container in which the alkaline hydrolysis of a dead human body is performed.

Sec. 32. Minnesota Statutes 2012, section 149A.02, subdivision 2, is amended to read:

Subd. 2. **Alternative container.** "Alternative container" means a nonmetal receptacle or enclosure, without ornamentation or a fixed interior lining, which is designed for the encasement of dead human bodies and is made of hydrolyzable or biodegradable materials, corrugated cardboard, fiberboard, pressed-wood, or other like materials.

Sec. 33. Minnesota Statutes 2012, section 149A.02, subdivision 3, is amended to read:

Subd. 3. **Arrangements for disposition.** "Arrangements for disposition" means any action normally taken by a funeral provider in anticipation of or preparation for the entombment, burial in a cemetery, alkaline hydrolysis, or cremation of a dead human body.

Sec. 34. Minnesota Statutes 2012, section 149A.02, subdivision 4, is amended to read:

Subd. 4. **Cash advance item.** "Cash advance item" means any item of service or merchandise described to a purchaser as a "cash advance," "accommodation," "cash disbursement," or similar term. A cash advance item is also any item obtained from a third party and paid for by the funeral provider on the purchaser's behalf. Cash advance items include, but are not limited to, cemetery, alkaline hydrolysis, or crematory services, pallbearers, public transportation, clergy honoraria, flowers, musicians or singers, obituary notices, gratuities, and death records.

Sec. 35. Minnesota Statutes 2012, section 149A.02, subdivision 5, is amended to read:

Subd. 5. **Casket.** "Casket" means a rigid container which is designed for the encasement of a dead human body and is usually constructed of hydrolyzable or biodegradable materials, wood, metal, fiberglass, plastic, or like material, and ornamented and lined with fabric.

Sec. 36. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 12a. **Crypt.** "Crypt" means a space in a mausoleum of sufficient size, used or intended to be used, to entomb human remains, cremated remains, or hydrolyzed remains.

Sec. 37. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 12b. **Direct alkaline hydrolysis.** "Direct alkaline hydrolysis" means a final disposition of a dead human body by alkaline hydrolysis, without formal viewing, visitation, or ceremony with the body present.

Sec. 38. Minnesota Statutes 2012, section 149A.02, subdivision 16, is amended to read:

Subd. 16. **Final disposition.** "Final disposition" means the acts leading to and the entombment, burial in a cemetery, alkaline hydrolysis, or cremation of a dead human body.

Sec. 39. Minnesota Statutes 2012, section 149A.02, subdivision 23, is amended to read:

Subd. 23. **Funeral services.** "Funeral services" means any services which may be used to: (1) care for and prepare dead human bodies for burial, alkaline hydrolysis, cremation, or other final disposition; and (2) arrange, supervise, or conduct the funeral ceremony or the final disposition of dead human bodies.

Sec. 40. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 24b. **Hydrolyzed remains.** "Hydrolyzed remains" means the remains of a dead human body following the alkaline hydrolysis process. Hydrolyzed remains does not include pacemakers, prostheses, or similar foreign materials.

Sec. 41. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 24c. **Hydrolyzed remains container.** "Hydrolyzed remains container" means a receptacle in which hydrolyzed remains are placed. For purposes of this chapter, a hydrolyzed remains container is interchangeable with "urn" or similar keepsake storage jewelry.

Sec. 42. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 26a. **Inurnment.** "Inurnment" means placing hydrolyzed or cremated remains in a hydrolyzed or cremated remains container suitable for placement, burial, or shipment.

Sec. 43. Minnesota Statutes 2012, section 149A.02, subdivision 27, is amended to read:

Subd. 27. **Licensee.** "Licensee" means any person or entity that has been issued a license to practice mortuary science, to operate a funeral establishment, to operate an alkaline hydrolysis facility, or to operate a crematory by the Minnesota commissioner of health.

Sec. 44. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 30a. **Niche.** "Niche" means a space in a columbarium used, or intended to be used, for the placement of hydrolyzed or cremated remains.

Sec. 45. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 32a. **Placement.** "Placement" means the placing of a container holding hydrolyzed or cremated remains in a crypt, vault, or niche.

Sec. 46. Minnesota Statutes 2012, section 149A.02, subdivision 34, is amended to read:

Subd. 34. **Preparation of the body.** "Preparation of the body" means placement of the body into an appropriate cremation or alkaline hydrolysis container, embalming of the body or such items of care as washing, disinfecting, shaving, positioning of features, restorative procedures, application of cosmetics, dressing, and casketing.

Sec. 47. Minnesota Statutes 2012, section 149A.02, subdivision 35, is amended to read:

Subd. 35. **Processing.** "Processing" means the removal of foreign objects, drying or cooling, and the reduction of the hydrolyzed or cremated remains by mechanical means including, but not limited to, grinding, crushing, or pulverizing, to a granulated appearance appropriate for final disposition.

Sec. 48. Minnesota Statutes 2012, section 149A.02, subdivision 37, is amended to read:

Subd. 37. **Public transportation.** "Public transportation" means all manner of transportation via common carrier available to the general public including airlines, buses, railroads, and ships. For purposes of this chapter, a livery service providing transportation to private funeral establishments, alkaline hydrolysis facilities, or crematories is not public transportation.

Sec. 49. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 37c. **Scattering.** "Scattering" means the authorized dispersal of hydrolyzed or cremated remains in a defined area of a dedicated cemetery or in areas where no local prohibition exists provided that the hydrolyzed or cremated remains are not distinguishable to the public, are not in a container, and that the person who has control over disposition of the hydrolyzed or cremated remains has obtained written permission of the property owner or governing agency to scatter on the property.

Sec. 50. Minnesota Statutes 2012, section 149A.02, is amended by adding a subdivision to read:

Subd. 41. **Vault.** "Vault" means a space in a mausoleum of sufficient size, used or intended to be used, to entomb human remains, cremated remains, or hydrolyzed remains. Vault may also mean a sealed and lined casket enclosure.

Sec. 51. Minnesota Statutes 2012, section 149A.03, is amended to read:

149A.03 DUTIES OF COMMISSIONER.

The commissioner shall:

(1) enforce all laws and adopt and enforce rules relating to the:

(i) removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies;

(ii) licensure and professional conduct of funeral directors, morticians, interns, practicum students, and clinical students;

(iii) licensing and operation of a funeral establishment; ~~and~~

(iv) licensing and operation of an alkaline hydrolysis facility; and

~~(iv)~~ (v) licensing and operation of a crematory;

(2) provide copies of the requirements for licensure and permits to all applicants;

(3) administer examinations and issue licenses and permits to qualified persons and other legal entities;

(4) maintain a record of the name and location of all current licensees and interns;

(5) perform periodic compliance reviews and premise inspections of licensees;

(6) accept and investigate complaints relating to conduct governed by this chapter;

(7) maintain a record of all current preneed arrangement trust accounts;

(8) maintain a schedule of application, examination, permit, and licensure fees, initial and renewal, sufficient to cover all necessary operating expenses;

(9) educate the public about the existence and content of the laws and rules for mortuary science licensing and the removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies to enable consumers to file complaints against licensees and others who may have violated those laws or rules;

(10) evaluate the laws, rules, and procedures regulating the practice of mortuary science in order to refine the standards for licensing and to improve the regulatory and enforcement methods used; and

(11) initiate proceedings to address and remedy deficiencies and inconsistencies in the laws, rules, or procedures governing the practice of mortuary science and the removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies.

Sec. 52. **[149A.54] LICENSE TO OPERATE AN ALKALINE HYDROLYSIS FACILITY.**

Subdivision 1. **License requirement.** Except as provided in section 149A.01, subdivision 3, a place or premise shall not be maintained, managed, or operated which is devoted to or used in the holding and alkaline hydrolysis of a dead human body without possessing a valid license to operate an alkaline hydrolysis facility issued by the commissioner of health.

Subd. 2. **Requirements for an alkaline hydrolysis facility.** (a) An alkaline hydrolysis facility licensed under this section must consist of:

(1) a building or structure that complies with applicable local and state building codes, zoning laws and ordinances, wastewater management and environmental standards, containing one or more alkaline hydrolysis vessels for the alkaline hydrolysis of dead human bodies;

(2) a method approved by the commissioner of health to dry the hydrolyzed remains and which is located within the licensed facility;

(3) a means approved by the commissioner of health for refrigeration of dead human bodies awaiting alkaline hydrolysis;

(4) an appropriate means of processing hydrolyzed remains to a granulated appearance appropriate for final disposition; and

(5) an appropriate holding facility for dead human bodies awaiting alkaline hydrolysis.

(b) An alkaline hydrolysis facility licensed under this section may also contain a display room for funeral goods.

Subd. 3. **Application procedure; documentation; initial inspection.** An application to license and operate an alkaline hydrolysis facility shall be submitted to the commissioner of health. A completed application includes:

(1) a completed application form, as provided by the commissioner;

(2) proof of business form and ownership;

(3) proof of liability insurance coverage or other financial documentation, as determined by the commissioner, that demonstrates the applicant's ability to respond in damages for liability arising from the ownership, maintenance management, or operation of an alkaline hydrolysis facility; and

(4) copies of wastewater and other environmental regulatory permits and environmental regulatory licenses necessary to conduct operations.

Upon receipt of the application and appropriate fee, the commissioner shall review and verify all information. Upon completion of the verification process and resolution of any deficiencies in the application information, the commissioner shall conduct an initial inspection of the premises to be licensed. After the inspection and resolution of any deficiencies found and any reinspections as may be necessary, the commissioner shall make a determination, based on all the information available, to grant or deny licensure. If the commissioner's determination is to grant the license, the applicant shall be notified and the license shall issue and remain valid for a period prescribed on the license, but not to exceed one calendar year from the date of issuance of the license. If the commissioner's determination is to deny the license, the commissioner must notify the applicant in writing of the denial and provide the specific reason for denial.

Subd. 4. **Nontransferability of license.** A license to operate an alkaline hydrolysis facility is not assignable or transferable and shall not be valid for any entity other than the one named. Each license issued to operate an alkaline hydrolysis facility is valid only for the location identified on the license. A 50 percent or more change in ownership or location of the alkaline hydrolysis facility automatically terminates the license. Separate licenses shall be required of two or more persons or other legal entities operating from the same location.

Subd. 5. **Display of license.** Each license to operate an alkaline hydrolysis facility must be conspicuously displayed in the alkaline hydrolysis facility at all times. Conspicuous display means in a location where a member of the general public within the alkaline hydrolysis facility will be able to observe and read the license.

Subd. 6. **Period of licensure.** All licenses to operate an alkaline hydrolysis facility issued by the commissioner are valid for a period of one calendar year beginning on July 1 and ending on June 30, regardless of the date of issuance.

Subd. 7. **Reporting changes in license information.** Any change of license information must be reported to the commissioner, on forms provided by the commissioner, no later than 30 calendar days after the change occurs. Failure to report changes is grounds for disciplinary action.

Subd. 8. **Notification to the commissioner.** If the licensee is operating under a wastewater or an environmental permit or license that is subsequently revoked, denied, or terminated, the licensee shall notify the commissioner.

Subd. 9. **Application information.** All information submitted to the commissioner for a license to operate an alkaline hydrolysis facility is classified as licensing data under section 13.41, subdivision 5.

Sec. 53. **[149A.55] RENEWAL OF LICENSE TO OPERATE AN ALKALINE HYDROLYSIS FACILITY.**

Subdivision 1. **Renewal required.** All licenses to operate an alkaline hydrolysis facility issued by the commissioner expire on June 30 following the date of issuance of the license and must be renewed to remain valid.

Subd. 2. **Renewal procedure and documentation.** Licensees who wish to renew their licenses must submit to the commissioner a completed renewal application no later than June 30 following the date the license was issued. A completed renewal application includes:

(1) a completed renewal application form, as provided by the commissioner; and

(2) proof of liability insurance coverage or other financial documentation, as determined by the commissioner, that demonstrates the applicant's ability to respond in damages for liability arising from the ownership, maintenance, management, or operation of an alkaline hydrolysis facility.

Upon receipt of the completed renewal application, the commissioner shall review and verify the information. Upon completion of the verification process and resolution of any deficiencies in the renewal application information, the commissioner shall make a determination, based on all the information available, to reissue or refuse to reissue the license. If the commissioner's determination is to reissue the license, the applicant shall be notified and the license shall issue and remain valid for a period prescribed on the license, but not to exceed one calendar year from the date of issuance of the license. If the commissioner's determination is to refuse to reissue the license, section 149A.09, subdivision 2, applies.

Subd. 3. **Penalty for late filing.** Renewal applications received after the expiration date of a license will result in the assessment of a late filing penalty. The late filing penalty must be paid before the reissuance of the license and received by the commissioner no later than 31 calendar days after the expiration date of the license.

Subd. 4. **Lapse of license.** Licenses to operate alkaline hydrolysis facilities shall automatically lapse when a completed renewal application is not received by the commissioner within 31 calendar days after the expiration date of a license, or a late filing penalty assessed under subdivision 3 is not received by the commissioner within 31 calendar days after the expiration of a license.

Subd. 5. **Effect of lapse of license.** Upon the lapse of a license, the person to whom the license was issued is no longer licensed to operate an alkaline hydrolysis facility in Minnesota. The commissioner shall issue a cease and desist order to prevent the lapsed license holder from operating an alkaline hydrolysis facility in Minnesota and may pursue any additional lawful remedies as justified by the case.

Subd. 6. **Restoration of lapsed license.** The commissioner may restore a lapsed license upon receipt and review of a completed renewal application, receipt of the late filing penalty, and reinspection of the premises, provided that the receipt is made within one calendar year from the expiration date of the lapsed license and the cease and desist order issued by the commissioner has not been violated. If a lapsed license is not restored within one calendar year from the expiration date of the lapsed license, the holder of the lapsed license cannot be relicensed until the requirements in section 149A.54 are met.

Subd. 7. **Reporting changes in license information.** Any change of license information must be reported to the commissioner, on forms provided by the commissioner, no later than 30 calendar days after the change occurs. Failure to report changes is grounds for disciplinary action.

Subd. 8. **Application information.** All information submitted to the commissioner by an applicant for renewal of licensure to operate an alkaline hydrolysis facility is classified as licensing data under section 13.41, subdivision 5.

Sec. 54. Minnesota Statutes 2012, section 149A.65, is amended by adding a subdivision to read:

Subd. 6. **Alkaline hydrolysis facilities.** The initial and renewal fee for an alkaline hydrolysis facility is $300. The late fee charge for a license renewal is $25.

Sec. 55. Minnesota Statutes 2012, section 149A.65, is amended by adding a subdivision to read:

Subd. 7. **State government special revenue fund.** Fees collected by the commissioner under this section must be deposited in the state treasury and credited to the state government special revenue fund.

Sec. 56. Minnesota Statutes 2012, section 149A.70, subdivision 1, is amended to read:

Subdivision 1. **Use of titles.** Only a person holding a valid license to practice mortuary science issued by the commissioner may use the title of mortician, funeral director, or any other title implying that the licensee is engaged in the business or practice of mortuary science. Only the holder of a valid license to operate an alkaline hydrolysis facility issued by the commissioner may use the title of alkaline hydrolysis facility, water cremation, water-reduction, biocremation, green-cremation, resomation, dissolution, or any other title, word, or term implying that the licensee operates an alkaline hydrolysis facility. Only the holder of a valid license to operate a funeral establishment issued by the commissioner may use the title of funeral home, funeral chapel, funeral service, or any other title, word, or term implying that the licensee is engaged in the business or practice of mortuary science. Only the holder of a valid license to operate a crematory issued by the commissioner may use the title of crematory, crematorium, green-cremation, or any other title, word, or term implying that the licensee operates a crematory or crematorium.

Sec. 57. Minnesota Statutes 2012, section 149A.70, subdivision 2, is amended to read:

Subd. 2. **Business location.** A funeral establishment, alkaline hydrolysis facility, or crematory shall not do business in a location that is not licensed as a funeral establishment, alkaline hydrolysis facility, or crematory and shall not advertise a service that is available from an unlicensed location.

Sec. 58. Minnesota Statutes 2012, section 149A.70, subdivision 3, is amended to read:

Subd. 3. **Advertising.** No licensee, clinical student, practicum student, or intern shall publish or disseminate false, misleading, or deceptive advertising. False, misleading, or deceptive advertising includes, but is not limited to:

(1) identifying, by using the names or pictures of, persons who are not licensed to practice mortuary science in a way that leads the public to believe that those persons will provide mortuary science services;

(2) using any name other than the names under which the funeral establishment, alkaline hydrolysis facility, or crematory is known to or licensed by the commissioner;

(3) using a surname not directly, actively, or presently associated with a licensed funeral establishment, alkaline hydrolysis facility, or crematory, unless the surname had been previously and continuously used by the licensed funeral establishment, alkaline hydrolysis facility, or crematory; and

(4) using a founding or establishing date or total years of service not directly or continuously related to a name under which the funeral establishment, alkaline hydrolysis facility, or crematory is currently or was previously licensed.

Any advertising or other printed material that contains the names or pictures of persons affiliated with a funeral establishment, alkaline hydrolysis facility, or crematory shall state the position held by the persons and shall identify each person who is licensed or unlicensed under this chapter.

Sec. 59. Minnesota Statutes 2012, section 149A.70, subdivision 5, is amended to read:

Subd. 5. **Reimbursement prohibited.** No licensee, clinical student, practicum student, or intern shall offer, solicit, or accept a commission, fee, bonus, rebate, or other reimbursement in consideration for recommending or causing a dead human body to be disposed of by a specific body donation program, funeral establishment, alkaline hydrolysis facility, crematory, mausoleum, or cemetery.

Sec. 60. Minnesota Statutes 2012, section 149A.71, subdivision 2, is amended to read:

Subd. 2. **Preventive requirements.** (a) To prevent unfair or deceptive acts or practices, the requirements of this subdivision must be met.

(b) Funeral providers must tell persons who ask by telephone about the funeral provider's offerings or prices any accurate information from the price lists described in paragraphs (c) to (e) and any other readily available information that reasonably answers the questions asked.

(c) Funeral providers must make available for viewing to people who inquire in person about the offerings or prices of funeral goods or burial site goods, separate printed or typewritten price lists using a ten-point font or larger. Each funeral provider must have a separate price list for each of the following types of goods that are sold or offered for sale:

(1) caskets;

(2) alternative containers;

(3) outer burial containers;

(4) alkaline hydrolysis containers;

~~(4)~~ (5) cremation containers;

(6) hydrolyzed remains containers;

~~(5)~~ (7) cremated remains containers;

~~(6)~~ (8) markers; and

~~(7)~~ (9) headstones.

(d) Each separate price list must contain the name of the funeral provider's place of business, address, and telephone number and a caption describing the list as a price list for one of the types of funeral goods or burial site goods described in paragraph (c), clauses (1) to ~~(7)~~ (9). The funeral provider must offer the list upon beginning discussion of, but in any event before showing, the specific funeral goods or burial site goods and must provide a photocopy of the price list, for retention, if so asked by the consumer. The list must contain, at least, the retail prices of all the specific funeral goods and burial site goods offered which do not require special ordering, enough information to identify each, and the effective date for the price list. However, funeral providers are not required to make a specific price list available if the funeral providers place the information required by this paragraph on the general price list described in paragraph (e).

(e) Funeral providers must give a printed price list, for retention, to persons who inquire in person about the funeral goods, funeral services, burial site goods, or burial site services or prices offered by the funeral provider. The funeral provider must give the list upon beginning discussion of either the prices of or the overall type of funeral service or disposition or specific funeral goods, funeral services, burial site goods, or burial site services offered by the provider. This requirement applies whether the discussion takes place in the funeral establishment or elsewhere. However, when the deceased is removed for transportation to the funeral establishment, an in-person request for authorization to embalm does not, by itself, trigger the requirement to offer the general price list. If the provider, in making an in-person request for authorization to embalm, discloses that embalming is not required by law except in certain special cases, the provider is not required to offer the general price list. Any other discussion during that time about prices or the selection of funeral goods, funeral services, burial site goods, or burial site services triggers the requirement to give the consumer a general price list. The general price list must contain the following information:

(1) the name, address, and telephone number of the funeral provider's place of business;

(2) a caption describing the list as a "general price list";

(3) the effective date for the price list;

(4) the retail prices, in any order, expressed either as a flat fee or as the prices per hour, mile, or other unit of computation, and other information described as follows:

(i) forwarding of remains to another funeral establishment, together with a list of the services provided for any quoted price;

(ii) receiving remains from another funeral establishment, together with a list of the services provided for any quoted price;

(iii) separate prices for each alkaline hydrolysis or cremation offered by the funeral provider, with the price including an alternative container or alkaline hydrolysis or cremation container, any alkaline hydrolysis or crematory charges, and a description of the services and container included in the price, where applicable, and the price of alkaline hydrolysis or cremation where the purchaser provides the container;

(iv) separate prices for each immediate burial offered by the funeral provider, including a casket or alternative container, and a description of the services and container included in that price, and the price of immediate burial where the purchaser provides the casket or alternative container;

(v) transfer of remains to the funeral establishment or other location;

(vi) embalming;

(vii) other preparation of the body;

(viii) use of facilities, equipment, or staff for viewing;

(ix) use of facilities, equipment, or staff for funeral ceremony;

(x) use of facilities, equipment, or staff for memorial service;

(xi) use of equipment or staff for graveside service;

(xii) hearse or funeral coach;

(xiii) limousine; and

(xiv) separate prices for all cemetery-specific goods and services, including all goods and services associated with interment and burial site goods and services and excluding markers and headstones;

(5) the price range for the caskets offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or casket sale location." or the prices of individual caskets, as disclosed in the manner described in paragraphs (c) and (d);

(6) the price range for the alternative containers offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or alternative container sale location." or the prices of individual alternative containers, as disclosed in the manner described in paragraphs (c) and (d);

(7) the price range for the outer burial containers offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or outer burial container sale location." or the prices of individual outer burial containers, as disclosed in the manner described in paragraphs (c) and (d);

(8) the price range for the alkaline hydrolysis container offered by the funeral provider, together with the statement: "A complete price list will be provided at the funeral establishment or alkaline hydrolysis container sale location.", or the prices of individual alkaline hydrolysis containers, as disclosed in the manner described in paragraphs (c) and (d);

(9) the price range for the hydrolyzed remains container offered by the funeral provider, together with the statement: "A complete price list will be provided at the funeral establishment or hydrolyzed remains container sale location.", or the prices of individual hydrolyzed remains container, as disclosed in the manner described in paragraphs (c) and (d);

~~(8)~~ (10) the price range for the cremation containers offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or cremation container sale location." or the prices of individual cremation containers ~~and cremated remains containers~~, as disclosed in the manner described in paragraphs (c) and (d);

~~(9)~~ (11) the price range for the cremated remains containers offered by the funeral provider, together with the statement, "A complete price list will be provided at the funeral establishment or ~~cremation~~ cremated remains container sale location," or the prices of individual cremation containers as disclosed in the manner described in paragraphs (c) and (d);

~~(10)~~ (12) the price for the basic services of funeral provider and staff, together with a list of the principal basic services provided for any quoted price and, if the charge cannot be declined by the purchaser, the statement "This fee for our basic services will be added to the total cost of the funeral arrangements you select. (This fee is already included in our charges for alkaline hydrolysis, direct cremations, immediate burials, and forwarding or receiving remains.)" If the charge cannot be declined by the purchaser, the quoted price shall include all charges for the recovery of unallocated funeral provider overhead, and funeral providers may include in the required disclosure the phrase "and overhead" after the word "services." This services fee is the only funeral provider fee for services, facilities, or unallocated overhead permitted by this subdivision to be nondeclinable, unless otherwise required by law;

~~(11)~~ (13) the price range for the markers and headstones offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or marker or headstone sale location." or the prices of individual markers and headstones, as disclosed in the manner described in paragraphs (c) and (d); and

~~(12)~~ (14) any package priced funerals offered must be listed in addition to and following the information required in paragraph (e) and must clearly state the funeral goods and services being offered, the price being charged for those goods and services, and the discounted savings.

(f) Funeral providers must give an itemized written statement, for retention, to each consumer who arranges an at-need funeral or other disposition of human remains at the conclusion of the discussion of the arrangements. The itemized written statement must be signed by the consumer selecting the goods and services as required in section 149A.80. If the statement is provided by a funeral establishment, the statement must be signed by the licensed funeral director or mortician planning the arrangements. If the statement is provided by any other funeral provider, the statement must be signed by an authorized agent of the funeral provider. The statement must list the funeral goods, funeral services, burial site goods, or burial site services selected by that consumer and the prices to be paid for each item, specifically itemized cash advance items (these prices must be given to the extent then known or reasonably ascertainable if the prices are not known or reasonably ascertainable, a good faith estimate shall be given and a written statement of the actual charges shall be provided before the final bill is paid), and the total cost of goods and services selected. At the conclusion of an at-need arrangement, the funeral provider is required to give the consumer a copy of the signed itemized written contract that must contain the information required in this paragraph.

(g) Upon receiving actual notice of the death of an individual with whom a funeral provider has entered a preneed funeral agreement, the funeral provider must provide a copy of all preneed funeral agreement documents to the person who controls final disposition of the human remains or to the designee of the person controlling disposition. The person controlling final disposition shall be provided with these documents at the time of the person's first in-person contact with the funeral provider, if the first contact occurs in person at a funeral establishment, alkaline hydrolysis facility, crematory, or other place of business of the funeral provider. If the contact occurs by other means or at another location, the documents must be provided within 24 hours of the first contact.

Sec. 61. Minnesota Statutes 2012, section 149A.71, subdivision 4, is amended to read:

Subd. 4. **Casket, alternate container, alkaline hydrolysis containers, and cremation container sales; records; required disclosures.** Any funeral provider who sells or offers to sell a casket, alternate container, alkaline hydrolysis container, hydrolyzed remains container, or cremation container, or cremated remains container to the public must maintain a record of each sale that includes the name of the purchaser, the purchaser's mailing address, the name of the decedent, the date of the decedent's death, and the place of death. These records shall be open to inspection by the regulatory agency. Any funeral provider selling a casket, alternate container, or cremation container to the public, and not having charge of the final disposition of the dead human body, shall provide a copy of the statutes and rules controlling the removal, preparation, transportation, arrangements for disposition, and final disposition of a dead human body. This subdivision does not apply to morticians, funeral directors, funeral establishments, crematories, or wholesale distributors of caskets, alternate containers, alkaline hydrolysis containers, or cremation containers.

Sec. 62. Minnesota Statutes 2012, section 149A.72, subdivision 3, is amended to read:

Subd. 3. **Casket for alkaline hydrolysis or cremation provisions; deceptive acts or practices.** In selling or offering to sell funeral goods or funeral services to the public, it is a deceptive act or practice for a funeral provider to represent that a casket is required for alkaline hydrolysis or cremations by state or local law or otherwise.

Sec. 63. Minnesota Statutes 2012, section 149A.72, is amended by adding a subdivision to read:

Subd. 3a. **Casket for alkaline hydrolysis provision; preventive measures.** To prevent deceptive acts or practices, funeral providers must place the following disclosure in immediate conjunction with the prices shown for alkaline hydrolysis: "Minnesota law does not require you to purchase a casket for alkaline hydrolysis. If you want to arrange for alkaline hydrolysis, you can use an alkaline hydrolysis container. An alkaline hydrolysis container is a hydrolyzable or biodegradable closed container or pouch resistant to leakage of bodily fluids that encases the body and into which a dead human body is placed prior to insertion into an alkaline hydrolysis vessel. The containers we provide are (specify containers provided)." This disclosure is required only if the funeral provider arranges alkaline hydrolysis.

Sec. 64. Minnesota Statutes 2012, section 149A.72, subdivision 9, is amended to read:

Subd. 9. **Deceptive acts or practices.** In selling or offering to sell funeral goods, funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to represent that federal, state, or local laws, or particular cemeteries, alkaline hydrolysis facilities, or crematories, require the purchase of any funeral goods, funeral services, burial site goods, or burial site services when that is not the case.

Sec. 65. Minnesota Statutes 2012, section 149A.73, subdivision 1, is amended to read:

Subdivision 1. **Casket for alkaline hydrolysis or cremation provisions; deceptive acts or practices.** In selling or offering to sell funeral goods, funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to require that a casket be purchased for alkaline hydrolysis or cremation.

Sec. 66. Minnesota Statutes 2012, section 149A.73, subdivision 2, is amended to read:

Subd. 2. **Casket for alkaline hydrolysis or cremation; preventive requirements.** To prevent unfair or deceptive acts or practices, if funeral providers arrange for alkaline hydrolysis or cremations, they must make ~~a~~ an alkaline hydrolysis container or cremation container available for alkaline hydrolysis or cremations.

Sec. 67. Minnesota Statutes 2012, section 149A.73, subdivision 4, is amended to read:

Subd. 4. **Required purchases of funeral goods or services; preventive requirements.** To prevent unfair or deceptive acts or practices, funeral providers must place the following disclosure in the general price list, immediately above the prices required by section 149A.71, subdivision 2, paragraph (e), clauses (4) to (10): "The goods and services shown below are those we can provide to our customers. You may choose only the items you desire. If legal or other requirements mean that you must buy any items you did not specifically ask for, we will explain the reason in writing on the statement we provide describing the funeral goods, funeral services, burial site goods, and burial site services you selected." However, if the charge for "services of funeral director and staff" cannot be declined by the purchaser, the statement shall include the sentence "However, any funeral arrangements you select will include a charge for our basic services." between the second and third sentences of the sentences specified in this subdivision. The statement may include the phrase "and overhead" after the word "services" if the fee includes a charge for the recovery of unallocated funeral overhead. If the funeral provider does not include this disclosure statement, then the following disclosure statement must be placed in the statement of funeral goods, funeral services, burial site goods, and burial site services selected, as described in section 149A.71, subdivision 2, paragraph (f): "Charges are only for those items that you selected or that are required. If we are required by law or by a cemetery, alkaline hydrolysis facility, or crematory to use any items, we will explain the reasons in writing below." A funeral provider is not in violation of this subdivision by failing to comply with a request for a combination of goods or services which would be impossible, impractical, or excessively burdensome to provide.

Sec. 68. Minnesota Statutes 2012, section 149A.74, is amended to read:

149A.74 FUNERAL SERVICES PROVIDED WITHOUT PRIOR APPROVAL.

Subdivision 1. **Services provided without prior approval; deceptive acts or practices.** In selling or offering to sell funeral goods or funeral services to the public, it is a deceptive act or practice for any funeral provider to embalm a dead human body unless state or local law or regulation requires embalming in the particular circumstances regardless of any funeral choice which might be made, or prior approval for embalming has been obtained from an individual legally authorized to make such a decision. In seeking approval to embalm, the funeral provider must disclose that embalming is not required by law except in certain circumstances; that a fee will be charged if a funeral is selected which requires embalming, such as a funeral with viewing; and that no embalming fee will be charged if the family selects a service which does not require embalming, such as direct alkaline hydrolysis, direct cremation, or immediate burial.

Subd. 2. **Services provided without prior approval; preventive requirement.** To prevent unfair or deceptive acts or practices, funeral providers must include on the itemized statement of funeral goods or services, as described in section 149A.71, subdivision 2, paragraph (f), the statement "If you selected a funeral that may require embalming, such as a funeral with viewing, you may have to pay for embalming. You do not have to pay for embalming you did not approve if you selected arrangements such as direct alkaline hydrolysis, direct cremation, or immediate burial. If we charged for embalming, we will explain why below."

Sec. 69. Minnesota Statutes 2012, section 149A.91, subdivision 9, is amended to read:

Subd. 9. **~~Embalmed~~ Bodies awaiting final disposition.** All ~~embalmed~~ bodies awaiting final disposition shall be kept in an appropriate holding facility or preparation and embalming room. The holding facility must be secure from access by anyone except the authorized personnel of the funeral establishment, preserve the dignity and integrity of the body, and protect the health and safety of the personnel of the funeral establishment.

Sec. 70. Minnesota Statutes 2012, section 149A.93, subdivision 3, is amended to read:

Subd. 3. **Disposition permit.** A disposition permit is required before a body can be buried, entombed, alkaline hydrolyzed, or cremated. No disposition permit shall be issued until a fact of death record has been completed and filed with the local or state registrar of vital statistics.

Sec. 71. Minnesota Statutes 2012, section 149A.93, subdivision 6, is amended to read:

Subd. 6. **Conveyances permitted for transportation.** A dead human body may be transported by means of private vehicle or private aircraft, provided that the body must be encased in an appropriate container, that meets the following standards:

(1) promotes respect for and preserves the dignity of the dead human body;

(2) shields the body from being viewed from outside of the conveyance;

(3) has ample enclosed area to accommodate a cot, stretcher, rigid tray, casket, alternative container, alkaline hydrolysis container, or cremation container in a horizontal position;

(4) is designed to permit loading and unloading of the body without excessive tilting of the cot, stretcher, rigid tray, casket, alternative container, alkaline hydrolysis container, or cremation container; and

(5) if used for the transportation of more than one dead human body at one time, the vehicle must be designed so that a body or container does not rest directly on top of another body or container and that each body or container is secured to prevent the body or container from excessive movement within the conveyance.

A vehicle that is a dignified conveyance and was specified for use by the deceased or by the family of the deceased may be used to transport the body to the place of final disposition.

Sec. 72. Minnesota Statutes 2012, section 149A.94, is amended to read:

149A.94 FINAL DISPOSITION.

Subdivision 1. **Generally.** Every dead human body lying within the state, except unclaimed bodies delivered for dissection by the medical examiner, those delivered for anatomical study pursuant to section 149A.81, subdivision 2, or lawfully carried through the state for the purpose of disposition elsewhere; and the remains of any dead human body after dissection or anatomical study, shall be decently buried~~,~~ or entombed in a public or private cemetery, alkaline hydrolyzed or cremated~~,~~ within a reasonable time after death. Where final disposition of a body will not be accomplished within 72 hours following death or release of the body by a competent authority with jurisdiction over the body, the body must be properly embalmed, refrigerated, or packed with dry ice. A body may not be kept in refrigeration for a period exceeding six calendar days, or packed in dry ice for a period that exceeds four calendar days, from the time of death or release of the body from the coroner or medical examiner.

Subd. 3. **Permit required.** No dead human body shall be buried, entombed, or cremated without a disposition permit. The disposition permit must be filed with the person in charge of the place of final disposition. Where a dead human body will be transported out of this state for final disposition, the body must be accompanied by a certificate of removal.

Subd. 4. **Alkaline hydrolysis or cremation.** Inurnment of alkaline hydrolyzed or cremated remains and release to an appropriate party is considered final disposition and no further permits or authorizations are required for transportation, interment, entombment, or placement of the cremated remains, except as provided in section 149A.95, subdivision 16.

Sec. 73. **[149A.941] ALKALINE HYDROLYSIS FACILITIES AND ALKALINE HYDROLYSIS.**

Subdivision 1. **License required.** A dead human body may only be hydrolyzed in this state at an alkaline hydrolysis facility licensed by the commissioner of health.

Subd. 2. **General requirements.** Any building to be used as an alkaline hydrolysis facility must comply with all applicable local and state building codes, zoning laws and ordinances, wastewater management regulations, and environmental statutes, rules, and standards. An alkaline hydrolysis facility must have, on site, a purpose built human alkaline hydrolysis system approved by the commissioner of health, a system approved by the commissioner of health for drying the hydrolyzed remains, a motorized mechanical device approved by the commissioner of health for processing hydrolyzed remains and must have in the building a holding facility approved by the commissioner of health for the retention of dead human bodies awaiting alkaline hydrolysis. The holding facility must be secure from access by anyone except the authorized personnel of the alkaline hydrolysis facility, preserve the dignity of the remains, and protect the health and safety of the alkaline hydrolysis facility personnel.

Subd. 3. **Lighting and ventilation.** The room where the alkaline hydrolysis vessel is located and the room where the chemical storage takes place shall be properly lit and ventilated with an exhaust fan that provides at least 12 air changes per hour.

Subd. 4. **Plumbing connections.** All plumbing fixtures, water supply lines, plumbing vents, and waste drains shall be properly vented and connected pursuant to the Minnesota Plumbing Code. The alkaline hydrolysis facility shall be equipped with a functional sink with hot and cold running water.

Subd. 5. **Flooring, walls, ceiling, doors, and windows.** The room where the alkaline hydrolysis vessel is located and the room where the chemical storage takes place shall have nonporous flooring, so that a sanitary condition is provided. The walls and ceiling of the room where the alkaline hydrolysis vessel is located and the room where the chemical storage takes place shall run from floor to ceiling and be covered with tile, or by plaster or sheetrock painted with washable paint or other appropriate material so that a sanitary condition is provided. The doors, walls, ceiling, and windows shall be constructed to prevent odors from entering any other part of the building. All windows or other openings to the outside must be screened and all windows must be treated in a manner that prevents viewing into the room where the alkaline hydrolysis vessel is located and the room where the chemical storage takes place. A viewing window for authorized family members or their designees is not a violation of this subdivision.

Subd. 6. **Equipment and supplies.** The alkaline hydrolysis facility must have a functional emergency eye wash and quick drench shower.

Subd. 7. **Access and privacy.** (a) The room where the alkaline hydrolysis vessel is located and the room where the chemical storage takes place must be private and have no general passageway through it. The room shall, at all times, be secure from the entrance of unauthorized persons. Authorized persons are:

(1) licensed morticians;

(2) registered interns or students as described in section 149A.91, subdivision 6;

(3) public officials or representatives in the discharge of their official duties;

(4) trained alkaline hydrolysis facility operators; and

(5) the person(s) with the right to control the dead human body as defined in section 149A.80, subdivision 2, and their designees.

(b) Each door allowing ingress or egress shall carry a sign that indicates that the room is private and access is limited. All authorized persons who are present in or enter the room where the alkaline hydrolysis vessel is located while a body is being prepared for final disposition must be attired according to all applicable state and federal regulations regarding the control of infectious disease and occupational and workplace health and safety.

Subd. 8. **Sanitary conditions and permitted use.** The room where the alkaline hydrolysis vessel is located and the room where the chemical storage takes place and all fixtures, equipment, instruments, receptacles, clothing, and other appliances or supplies stored or used in the room must be maintained in a clean and sanitary condition at all times.

Subd. 9. **Boiler use.** When a boiler is required by the manufacturer of the alkaline hydrolysis vessel for its operation, all state and local regulations for that boiler must be followed.

Subd. 10. **Occupational and workplace safety.** All applicable provisions of state and federal regulations regarding exposure to workplace hazards and accidents shall be followed in order to protect the health and safety of all authorized persons at the alkaline hydrolysis facility.

Subd. 11. **Licensed personnel.** A licensed alkaline hydrolysis facility must employ a licensed mortician to carry out the process of alkaline hydrolysis of a dead human body. It is the duty of the licensed alkaline hydrolysis facility to provide proper procedures for all personnel, and the licensed alkaline hydrolysis facility shall be strictly accountable for compliance with this chapter and other applicable state and federal regulations regarding occupational and workplace health and safety.

Subd. 12. **Authorization to hydrolyze required.** No alkaline hydrolysis facility shall hydrolyze or cause to be hydrolyzed any dead human body or identifiable body part without receiving written authorization to do so from the person or persons who have the legal right to control disposition as described in section 149A.80 or the person's legal designee. The written authorization must include:

(1) the name of the deceased and the date of death of the deceased;

(2) a statement authorizing the alkaline hydrolysis facility to hydrolyze the body;

(3) the name, address, telephone number, relationship to the deceased, and signature of the person or persons with legal right to control final disposition or a legal designee;

(4) directions for the disposition of any nonhydrolyzed materials or items recovered from the alkaline hydrolysis vessel;

(5) acknowledgment that the hydrolyzed remains will be dried and mechanically reduced to a granulated appearance and placed in an appropriate container and authorization to place any hydrolyzed remains that a selected urn or container will not accommodate into a temporary container;

(6) acknowledgment that, even with the exercise of reasonable care, it is not possible to recover all particles of the hydrolyzed remains and that some particles may inadvertently become commingled with particles of other hydrolyzed remains that remain in the alkaline hydrolysis vessel or other mechanical devices used to process the hydrolyzed remains;

(7) directions for the ultimate disposition of the hydrolyzed remains; and

(8) a statement that includes, but is not limited to, the following information: "During the alkaline hydrolysis process, chemical dissolution using heat, water, and an alkaline solution is used to chemically break down the human tissue and the hydrolyzable alkaline hydrolysis container. After the process is complete, the liquid effluent solution contains the chemical by-products of the alkaline hydrolysis process except for the deceased's bone fragments. The solution is cooled and released according to local environmental regulations. A water rinse is applied to the hydrolyzed remains which are then dried and processed to facilitate inurnment or scattering."

Subd. 13. **Limitation of liability.** A licensed alkaline hydrolysis facility acting in good faith, with reasonable reliance upon an authorization to hydrolyze, pursuant to an authorization to hydrolyze and in an otherwise lawful manner, shall be held harmless from civil liability and criminal prosecution for any actions taken by the alkaline hydrolysis facility.

Subd. 14. **Acceptance of delivery of body.** (a) No dead human body shall be accepted for final disposition by alkaline hydrolysis unless:

(1) encased in an appropriate alkaline hydrolysis container;

(2) accompanied by a disposition permit issued pursuant to section 149A.93, subdivision 3, including a photocopy of the completed death record or a signed release authorizing alkaline hydrolysis of the body received from the coroner or medical examiner; and

(3) accompanied by an alkaline hydrolysis authorization that complies with subdivision 12.

(b) An alkaline hydrolysis facility shall refuse to accept delivery of an alkaline hydrolysis container where there is:

(1) evidence of leakage of fluids from the alkaline hydrolysis container;

(2) a known dispute concerning hydrolysis of the body delivered;

(3) a reasonable basis for questioning any of the representations made on the written authorization to hydrolyze; or

(4) any other lawful reason.

Subd. 15. **Bodies awaiting hydrolysis.** A dead human body must be hydrolyzed within 24 hours of the alkaline hydrolysis facility accepting legal and physical custody of the body.

Subd. 16. **Handling of alkaline hydrolysis containers for dead human bodies.** All alkaline hydrolysis facility employees handling alkaline hydrolysis containers for dead human bodies shall use universal precautions and otherwise exercise all reasonable precautions to minimize the risk of transmitting any communicable disease from the body. No dead human body shall be removed from the container in which it is delivered.

Subd. 17. **Identification of body.** All licensed alkaline hydrolysis facilities shall develop, implement, and maintain an identification procedure whereby dead human bodies can be identified from the time the alkaline hydrolysis facility accepts delivery of the remains until the hydrolyzed remains are released to an authorized party. After hydrolyzation, an identifying disk, tab, or other permanent label shall be placed within the hydrolyzed remains container before the hydrolyzed remains are released from the alkaline hydrolysis facility. Each identification disk, tab, or label shall have a number that shall be recorded on all paperwork regarding the decedent. This procedure shall be designed to reasonably ensure that the proper body is hydrolyzed and that the hydrolyzed remains are returned to the appropriate party. Loss of all or part of the hydrolyzed remains or the inability to individually identify the hydrolyzed remains is a violation of this subdivision.

Subd. 18. **Alkaline hydrolysis vessel for human remains.** A licensed alkaline hydrolysis facility shall knowingly hydrolyze only dead human bodies or human remains in an alkaline hydrolysis vessel, along with the alkaline hydrolysis container used for infectious disease control.

Subd. 19. **Alkaline hydrolysis procedures; privacy.** The final disposition of dead human bodies by alkaline hydrolysis shall be done in privacy. Unless there is written authorization from the person with the legal right to control the disposition, only authorized alkaline hydrolysis facility personnel shall be permitted in the alkaline

hydrolysis area while any dead human body is in the alkaline hydrolysis area awaiting alkaline hydrolysis, in the alkaline hydrolysis vessel, being removed from the alkaline hydrolysis vessel, or being processed and placed in a hydrolyzed remains container.

Subd. 20. **Alkaline hydrolysis procedures; commingling of hydrolyzed remains prohibited.** Except with the express written permission of the person with the legal right to control the disposition, no alkaline hydrolysis facility shall hydrolyze more than one dead human body at the same time and in the same alkaline hydrolysis vessel, or introduce a second dead human body into an alkaline hydrolysis vessel until reasonable efforts have been employed to remove all fragments of the preceding hydrolyzed remains, or hydrolyze a dead human body and other human remains at the same time and in the same alkaline hydrolysis vessel. This section does not apply where commingling of human remains during alkaline hydrolysis is otherwise provided by law. The fact that there is incidental and unavoidable residue in the alkaline hydrolysis vessel used in a prior hydrolyzation is not a violation of this subdivision.

Subd. 21. **Alkaline hydrolysis procedures; removal from alkaline hydrolysis vessel.** Upon completion of the alkaline hydrolysis process, reasonable efforts shall be made to remove from the alkaline hydrolysis vessel all of the recoverable hydrolyzed remains and nonhydrolyzed materials or items. Further, all reasonable efforts shall be made to separate and recover the nonhydrolyzed materials or items from the hydrolyzed human remains and dispose of these materials in a lawful manner, by the alkaline hydrolysis facility. The hydrolyzed human remains shall be placed in an appropriate container to be transported to the processing area.

Subd. 22. **Drying device or mechanical processor procedures; commingling of hydrolyzed remains prohibited.** Except with the express written permission of the person with the legal right to control the final disposition or otherwise provided by law, no alkaline hydrolysis facility shall dry or mechanically process the hydrolyzed human remains of more than one body at a time in the same drying device or mechanical processor, or introduce the hydrolyzed human remains of a second body into a drying device or mechanical processor until processing of any preceding hydrolyzed human remains has been terminated and reasonable efforts have been employed to remove all fragments of the preceding hydrolyzed remains. The fact that there is incidental and unavoidable residue in the drying device, the mechanical processor, or any container used in a prior alkaline hydrolysis process, is not a violation of this provision.

Subd. 23. **Alkaline hydrolysis procedures; processing hydrolyzed remains.** The hydrolyzed human remains shall be dried and then reduced by a motorized mechanical device to a granulated appearance appropriate for final disposition and placed in an alkaline hydrolysis remains container along with the appropriate identifying disk, tab, or permanent label. Processing must take place within the licensed alkaline hydrolysis facility. Dental gold, silver or amalgam, jewelry, or mementos, to the extent that they can be identified, may be removed prior to processing the hydrolyzed remains, only by staff licensed or registered by the commissioner of health; however, any dental gold and silver, jewelry, or mementos that are removed shall be returned to the hydrolyzed remains container unless otherwise directed by the person or persons having the right to control the final disposition. Every person who removes or possesses dental gold or silver, jewelry, or mementos from any hydrolyzed remains without specific written permission of the person or persons having the right to control those remains is guilty of a misdemeanor. The fact that residue and any unavoidable dental gold or dental silver, or other precious metals remain in the alkaline hydrolysis vessel or other equipment or any container used in a prior hydrolysis is not a violation of this section.

Subd. 24. **Alkaline hydrolysis procedures; container of insufficient capacity.** If a hydrolyzed remains container is of insufficient capacity to accommodate all hydrolyzed remains of a given dead human body, subject to directives provided in the written authorization to hydrolyze, the alkaline hydrolysis facility shall place the excess hydrolyzed remains in a secondary alkaline hydrolysis remains container and attach the second container, in a manner so as not to be easily detached through incidental contact, to the primary alkaline hydrolysis remains container. The secondary container shall contain a duplicate of the identification disk, tab, or permanent label that was placed in the primary container and all paperwork regarding the given body shall include a notation that the hydrolyzed remains were placed in two containers. Keepsake jewelry or similar miniature hydrolyzed remains containers are not subject to the requirements of this subdivision.

Subd. 25. **Disposition procedures; commingling of hydrolyzed remains prohibited.** No hydrolyzed remains shall be disposed of or scattered in a manner or in a location where the hydrolyzed remains are commingled with those of another person without the express written permission of the person with the legal right to control disposition or as otherwise provided by law. This subdivision does not apply to the scattering or burial of hydrolyzed remains at sea or in a body of water from individual containers, to the scattering or burial of hydrolyzed remains in a dedicated cemetery, to the disposal in a dedicated cemetery of accumulated residue removed from an alkaline hydrolysis vessel or other alkaline hydrolysis equipment, to the inurnment of members of the same family in a common container designed for the hydrolyzed remains of more than one body, or to the inurnment in a container or interment in a space that has been previously designated, at the time of sale or purchase, as being intended for the inurnment or interment of the hydrolyzed remains of more than one person.

Subd. 26. **Alkaline hydrolysis procedures; disposition of accumulated residue.** Every alkaline hydrolysis facility shall provide for the removal and disposition in a dedicated cemetery of any accumulated residue from any alkaline hydrolysis vessel, drying device, mechanical processor, container, or other equipment used in alkaline hydrolysis. Disposition of accumulated residue shall be according to the regulations of the dedicated cemetery and any applicable local ordinances.

Subd. 27. **Alkaline hydrolysis procedures; release of hydrolyzed remains.** Following completion of the hydrolyzation, the inurned hydrolyzed remains shall be released according to the instructions given on the written authorization to hydrolyze. If the hydrolyzed remains are to be shipped, they must be securely packaged and transported by a method which has an internal tracing system available and which provides for a receipt signed by the person accepting delivery. Where there is a dispute over release or disposition of the hydrolyzed remains, an alkaline hydrolysis facility may deposit the hydrolyzed remains with a court of competent jurisdiction pending resolution of the dispute or retain the hydrolyzed remains until the person with the legal right to control disposition presents satisfactory indication that the dispute is resolved.

Subd. 28. **Unclaimed hydrolyzed remains.** If, after 30 calendar days following the inurnment, the hydrolyzed remains are not claimed or disposed of according to the written authorization to hydrolyze, the alkaline hydrolysis facility or funeral establishment may give written notice, by certified mail, to the person with the legal right to control the final disposition or a legal designee, that the hydrolyzed remains are unclaimed and requesting further release directions. Should the hydrolyzed remains be unclaimed 120 calendar days following the mailing of the written notification, the alkaline hydrolysis facility or funeral establishment may dispose of the hydrolyzed remains in any lawful manner deemed appropriate.

Subd. 29. **Required records.** Every alkaline hydrolysis facility shall create and maintain on its premises or other business location in Minnesota an accurate record of every hydrolyzation provided. The record shall include all of the following information for each hydrolyzation:

(1) the name of the person or funeral establishment delivering the body for alkaline hydrolysis;

(2) the name of the deceased and the identification number assigned to the body;

(3) the date of acceptance of delivery;

(4) the names of the alkaline hydrolysis vessel, drying device, and mechanical processor operator;

(5) the time and date that the body was placed in and removed from the alkaline hydrolysis vessel;

(6) the time and date that processing and inurnment of the hydrolyzed remains was completed;

(7) the time, date, and manner of release of the hydrolyzed remains;

(8) the name and address of the person who signed the authorization to hydrolyze;

(9) all supporting documentation, including any transit or disposition permits, a photocopy of the death record, and the authorization to hydrolyze; and

(10) the type of alkaline hydrolysis container.

Subd. 30. **Retention of records.** Records required under subdivision 29 shall be maintained for a period of three calendar years after the release of the hydrolyzed remains. Following this period and subject to any other laws requiring retention of records, the alkaline hydrolysis facility may then place the records in storage or reduce them to microfilm, microfiche, laser disc, or any other method that can produce an accurate reproduction of the original record, for retention for a period of ten calendar years from the date of release of the hydrolyzed remains. At the end of this period and subject to any other laws requiring retention of records, the alkaline hydrolysis facility may destroy the records by shredding, incineration, or any other manner that protects the privacy of the individuals identified.

Sec. 74. Minnesota Statutes 2012, section 149A.96, subdivision 9, is amended to read:

Subd. 9. **Hydrolyzed and cremated remains.** Subject to section 149A.95, subdivision 16, inurnment of the hydrolyzed or cremated remains and release to an appropriate party is considered final disposition and no further permits or authorizations are required for disinterment, transportation, or placement of the hydrolyzed or cremated remains.

Sec. 75. Laws 2011, First Special Session chapter 9, article 2, section 27, is amended to read:

Sec. 27. **MINNESOTA TASK FORCE ON PREMATURITY.**

Subdivision 1. **Establishment.** The Minnesota Task Force on Prematurity is established to evaluate and make recommendations on methods for reducing prematurity and improving premature infant health care in the state.

Subd. 2. **Membership; meetings; staff.** (a) The task force shall be composed of at least the following members, who serve at the pleasure of their appointing authority:

(1) 15 representatives of the Minnesota Prematurity Coalition including, but not limited to, health care providers who treat pregnant women or neonates, organizations focused on preterm births, early childhood education and development professionals, and families affected by prematurity;

(2) one representative appointed by the commissioner of human services;

(3) two representatives appointed by the commissioner of health;

(4) one representative appointed by the commissioner of education;

(5) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader; and

(6) two members of the senate, appointed according to the rules of the senate.

(b) Members of the task force serve without compensation or payment of expenses.

(c) The commissioner of health must convene the first meeting of the Minnesota Task Force on Prematurity by July 31, 2011. The task force must continue to meet at least quarterly. Staffing and technical assistance shall be provided by the Minnesota Perinatal Coalition.

Subd. 3. **Duties.** The task force must report the current state of prematurity in Minnesota and develop recommendations on strategies for reducing prematurity and improving premature infant health care in the state by ~~considering the following~~:

(1) promoting adherence to standards of care for premature infants born less than 37 weeks gestational age, including ~~recommendations to improve~~ utilization of appropriate hospital discharge and follow-up care procedures;

(2) coordination of information among appropriate professional and advocacy organizations on measures to improve health care for infants born prematurely;

(3) identification and centralization of available resources to improve access and awareness for caregivers of premature infants; and

~~(4) development and dissemination of evidence-based practices through networking and educational opportunities;~~

~~(5) a review of relevant evidence-based research regarding the causes and effects of premature births in Minnesota;~~

~~(6) a review of relevant evidence-based research regarding premature infant health care, including methods for improving quality of and access to care for premature infants;~~

~~(7)~~ (4) a review of the potential improvements in health status related to the use of health care homes to provide and coordinate pregnancy-related services~~; and~~.

~~(8) identification of gaps in public reporting measures and possible effects of these measures on prematurity rates.~~

Subd. 4. **Report; expiration.** (a) By ~~November 30, 2011~~ January 15, 2015, the task force must submit a final report to the chairs and ranking minority members of the legislative policy committees on health and human services on the ~~current~~ state of prematurity in Minnesota ~~to the chairs of the legislative policy committees on health and human services~~, including any recommendations to reduce premature births and improve premature infant health in the state.

~~(b) By January 15, 2013, the task force must report its final recommendations, including any draft legislation necessary for implementation, to the chairs of the legislative policy committees on health and human services.~~

~~(c)~~ (b) This task force expires on January 31, ~~2013~~ 2015, or upon submission of the final report required in paragraph ~~(b)~~ (a), whichever is earlier.

Sec. 76. **FUNERAL ESTABLISHMENTS; BRANCH LOCATIONS.**

The commissioner of health shall review the statutory requirements for preparation and embalming rooms and develop legislation with input from stakeholders that provides appropriate health and safety protection for funeral home locations where deceased bodies are present but are branch locations associated through a majority ownership of a licensed funeral establishment that meets the requirements of Minnesota Statutes, sections 149A.50 and 149A.92, subdivisions 2 to 10. The review shall include consideration of distance between the main location and branch and other health and safety issues.

Sec. 77. **STAFFING PLAN DISCLOSURE ACT.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Core staffing plan" means the projected number of full-time equivalent nonmanagerial care staff that will be assigned in a 24-hour period to an inpatient care unit.

(c) "Nonmanagerial care staff" means registered nurses, licensed practical nurses, and other health care workers, which may include but is not limited to nursing assistants, nursing aides, patient care technicians, and patient care assistants, who perform nonmanagerial direct patient care functions for more than 50 percent of their scheduled hours on a given patient care unit.

(d) "Inpatient care unit" means a designated inpatient area for assigning patients and staff for which a distinct staffing plan exists and that operates 24 hours per day, seven days per week in a hospital setting. Inpatient care unit does not include any hospital-based clinic, long-term care facility, or outpatient hospital department.

(e) "Staffing hours per patient day" means the number of full-time equivalent nonmanagerial care staff who will ordinarily be assigned to provide direct patient care divided by the expected average number of patients upon which such assignments are based.

(f) "Patient acuity tool" means a system for measuring an individual patient's need for nursing care. This includes utilizing a professional registered nursing assessment of patient condition to assess staffing need.

Subd. 2. **Hospital staffing report.** (a) The chief nursing executive or nursing designee of every reporting hospital in Minnesota under section 144.50 will develop a core staffing plan for each patient care unit.

(b) Core staffing plans shall specify the full-time equivalent for each patient care unit for each 24-hour period.

(c) Prior to submitting the core staffing plan, as required in subdivision 3, hospitals shall consult with representatives of the hospital medical staff, managerial and nonmanagerial care staff, and other relevant hospital personnel about the core staffing plan and the expected average number of patients upon which the staffing plan is based.

Subd. 3. **Standard electronic reporting developed.** (a) Hospitals must submit the core staffing plans to the Minnesota Hospital Association by January 1, 2014. The Minnesota Hospital Association shall include each reporting hospital's core staffing plan on the Minnesota Hospital Association's Minnesota Hospital Quality Report Web site by April 1, 2014. Any substantial changes to the core staffing plan shall be updated within 30 days.

(b) The Minnesota Hospital Association shall include on its Web site for each reporting hospital on a quarterly basis the actual direct patient care hours per patient and per unit. Hospitals must submit the direct patient care report to the Minnesota Hospital Association by July 1, 2014, and quarterly thereafter.

Sec. 78. **STUDY; NURSE STAFFING LEVELS AND PATIENT OUTCOMES.**

The Department of Health shall convene a work group to study the correlation between nurse staffing levels and patient outcomes. This report shall be presented to the chairs and ranking minority members of the health and human services committees in the house of representatives and the senate by January 15, 2015.

Sec. 79. **TRAUMA CENTERS.**

The commissioner of health, through the Office of Rural Health and Primary Care, and in consultation with the commissioner of human services, shall study the 24-hour costs of maintaining a level of readiness in hospitals designated as trauma centers under Minnesota Statutes, section 144.605, and shall present recommendations to the legislature, by December 15, 2013, on a state public programs level of readiness payment modifier for hospitals designated as trauma centers.

Sec. 80. **HEALTH EQUITY REPORT.**

By February 1, 2014, the commissioner of health, in consultation with local public health, health care, and community partners, must submit a report to the chairs and ranking minority members of the committees with jurisdiction over health policy and finance, on a plan for advancing health equity in Minnesota. The report must include the following:

(1) assessment of health disparities that exist in the state and how these disparities relate to health equity;

(2) identification of policies, processes, and systems that contribute to health inequity in the state;

(3) recommendations for changes to policies, processes and systems within the Department of Health that would increase the department's leadership in addressing health inequities;

(4) identification of best practices for local public health, health care, and community partners to provide culturally responsive services and advance health equity; and

(5) recommendations for strategies for the use of data to document and monitor existing health inequities and to evaluate effectiveness of policies, processes, systems, and environmental changes that will advance health equity.

Sec. 81. **ELIMINATING HEALTH DISPARITIES GRANTS; ORGANIZATIONS WITH LIMITED FISCAL CAPACITY.**

For grants awarded from the general fund under Minnesota Statutes, section 145.928, during the fiscal years ending June 30, 2013, and June 30, 2014, the commissioner of health may provide working capital advanced to grantees determined during the application process to have limited financial capacity, in accordance with Office of Grant Management Policies.

Sec. 82. **ASSESSMENT OF QUALITY METRICS FOR MEASURING THE SCREENING, DIAGNOSIS, AND TREATMENT OF YOUNG CHILDREN WITH AUTISM SPECTRUM DISORDER.**

As part of the annual review and ongoing development of quality measures under Minnesota Statutes, section 62U.02, the commissioner of health shall assess the medical evidence and feasibility of adding a set of quality metrics for measuring the screening, diagnosis, and treatment of young children with autism spectrum disorder.

Sec. 83. **REVISOR'S INSTRUCTION.**

The revisor shall substitute the term "vertical heat exchangers" or "vertical heat exchanger" with "bored geothermal heat exchangers" or "bored geothermal heat exchanger" wherever it appears in Minnesota Statutes, sections 103I.005, subdivisions 2 and 12; 103I.101, subdivisions 2 and 5; 103I.105; 103I.205, subdivision 4; 103I.208, subdivision 2; 103I.501; 103I.531, subdivision 5; and 103I.641, subdivisions 1, 2, and 3.

Sec. 84. **REPEALER.**

(a) Minnesota Statutes 2012, sections 103I.005, subdivision 20; 149A.025; 149A.20, subdivision 8; 149A.30, subdivision 2; 149A.40, subdivision 8; 149A.45, subdivision 6; 149A.50, subdivision 6; 149A.51, subdivision 7; 149A.52, subdivision 5a; 149A.53, subdivision 9; and 485.14, are repealed.

(b) Minnesota Statutes 2012, section 144.123, subdivision 2, is repealed effective July 1, 2014.

ARTICLE 13
HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. **Total Appropriation** **$(161,031,000)**

Appropriations by Fund

	2013
General Fund	(158,668,000)
Health Care Access	(7,179,000)
TANF	4,816,000

Subd. 2. **Forecasted Programs**

(a) **MFIP/DWP Grants**

Appropriations by Fund

General Fund	(8,211,000)
TANF	4,399,000

(b) **MFIP Child Care Assistance Grants** 10,113,000

(c) **General Assistance Grants** 3,230,000

(d) **Minnesota Supplemental Aid Grants** (1,008,000)

(e) **Group Residential Housing Grants** (5,423,000)

(f) **MinnesotaCare Grants** (7,179,000)

This appropriation is from the health care access fund.

(g) **Medical Assistance Grants** (159,733,000)

(h) **Alternative Care Grants** -0-

(i) **CD Entitlement Grants** 2,364,000

Subd. 3. **Technical Activities** 417,000

This appropriation is from the TANF fund.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

ARTICLE 14
HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	2014	**2015**	**Total**
General	$5,644,039,000	$5,876,951,000	$11,520,990,000
State Government Special Revenue	69,619,000	74,135,000	143,754,000
Health Care Access	664,161,000	427,466,000	1,091,628,000
Federal TANF	269,628,000	266,526,000	536,154,000
Lottery Prize Fund	1,667,000	1,668,000	3,335,000
Total	**$6,649,113,000**	**$6,646,747,000**	**$13,295,860,000**

Sec. 2. **HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

	APPROPRIATIONS Available for the Year Ending June 30	
	2014	**2015**
Sec. 3. **COMMISSIONER OF HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	**$6,454,078,000**	**$6,455,116,000**

Appropriations by Fund

	2014	2015
General	5,558,517,000	5,796,553,000
State Government Special Revenue	4,099,000	6,332,000
Health Care Access	631,881,000	395,749,000
Federal TANF	257,915,000	254,813,000
Lottery Prize Fund	1,667,000	1,668,000

Receipts for Systems Projects. Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the commissioner

of Minnesota information technology services, funded by the legislature, and approved by the commissioner of management and budget, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

Nonfederal Share Transfers. The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

ARRA Supplemental Nutrition Assistance Benefit Increases. The funds provided for food support benefit increases under the Supplemental Nutrition Assistance Program provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 must be used for benefit increases beginning July 1, 2009.

Supplemental Nutrition Assistance Program Employment and Training. (1) Notwithstanding Minnesota Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, federal Supplemental Nutrition Assistance employment and training funds received as reimbursement of MFIP consolidated fund grant expenditures for diversionary work program participants and child care assistance program expenditures must be deposited in the general fund. The amount of funds must be limited to $4,900,000 per year in fiscal years 2014 and 2015, and to $4,400,000 per year in fiscal years 2016 and 2017, contingent on approval by the federal Food and Nutrition Service.

(2) Consistent with the receipt of the federal funds, the commissioner may adjust the level of working family credit expenditures claimed as TANF maintenance of effort. Notwithstanding any contrary provision in this article, this rider expires June 30, 2017.

TANF Maintenance of Effort. (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of legal noncitizen MFIP recipients who qualify for the MinnesotaCare program under Minnesota Statutes, chapter 256L;

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671;

(7) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674; and

(8) qualifying Head Start expenditures under Minnesota Statutes, section 119A.50.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (8), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) For fiscal years beginning with state fiscal year 2003, the commissioner shall ensure that the maintenance of effort used by the commissioner of management and budget for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) The requirement in Minnesota Statutes, section 256.011, subdivision 3, that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, do not apply if the grants or aids are federal TANF funds.

(e) For the federal fiscal years beginning on or after October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43(a)(2).

For the purposes of clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision and subdivisions 2 and 3.

(f) Notwithstanding any contrary provision in this article, paragraphs (a) to (e) expire June 30, 2017.

Working Family Credit Expenditures as TANF/MOE. The commissioner may claim as TANF maintenance of effort up to $6,707,000 per year of working family credit expenditures in each fiscal year.

Subd. 2. **Working Family Credit to be Claimed for TANF/MOE**

The commissioner may count the following amounts of working family credit expenditures as TANF/MOE:

(1) fiscal year 2014, $43,576,000; and

(2) fiscal year 2015, $43,548,000.

Subd. 3. **TANF Transfer to Federal Child Care and Development Fund**

(a) The following TANF fund amounts are appropriated to the commissioner for purposes of MFIP/transition year child care assistance under Minnesota Statutes, section 119B.05:

(1) fiscal year 2014; $14,020,000; and

(2) fiscal year 2015, $14,020,000.

(b) The commissioner shall authorize the transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to federal child care and development fund regulations.

Subd. 4. **Central Office**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Operations

	Appropriations by Fund	
General	88,410,000	89,985,000
State Government Special Revenue	3,974,000	6,207,000
Health Care Access	13,252,000	13,154,000
Federal TANF	117,000	100,000

Return on Taxpayer Investment Implementation Study. $100,000 is appropriated in fiscal year 2014 from the general fund to the commissioner of human services for transfer to the commissioner of management and budget to develop recommendations for implementing a return on taxpayer investment (ROTI) methodology and practice related to human services and corrections programs administered and funded by state and county government. The scope of the study shall include assessments of ROTI initiatives in other states, design implications for Minnesota, and identification of one or more Minnesota institutions of higher education capable of providing rigorous and consistent nonpartisan institutional support for ROTI. The scope of the study shall also include recommendations on methods to evaluate the value of prepaid medical assistance services (PMAP) versus other ways of delivering public health care programs. The commissioner shall consult with representatives of other state agencies, counties, legislative staff, Minnesota institutions of higher education, and other stakeholders in developing recommendations. The commissioner shall report findings and recommendations to the governor and legislature by November 30, 2013.

DHS Receipt Center Accounting. The commissioner is authorized to transfer appropriations to, and account for DHS receipt center operations in, the special revenue fund.

Administrative Recovery; Set-Aside. The commissioner may invoice local entities through the SWIFT accounting system as an alternative means to recover the actual cost of administering the following provisions:

(1) Minnesota Statutes, section 125A.744, subdivision 3;

(2) Minnesota Statutes, section 245.495, paragraph (b);

(3) Minnesota Statutes, section 256B.0625, subdivision 20, paragraph (k);

(4) Minnesota Statutes, section 256B.0924, subdivision 6, paragraph (g);

(5) Minnesota Statutes, section 256B.0945, subdivision 4, paragraph (d); and

(6) Minnesota Statutes, section 256F.10, subdivision 6, paragraph (b).

Systems Modernization. The following amounts are appropriated for transfer to the state systems account authorized in Minnesota Statutes, section 256.014:

(1) $1,825,000 in fiscal year 2014 and $2,502,000 in fiscal year 2015 is for the state share of Medicaid-allocated costs of the health insurance exchange information technology and operational structure. The funding base is $3,222,000 in fiscal year 2016 and $3,037,000 in fiscal year 2017 but shall not be included in the base thereafter; and

(2) Any unexpended balance from the contingent system modernization appropriation in article 15 must be transferred from the Department of Human Services state systems account to the Office of Enterprise Technology when the Office of Enterprise Technology has negotiated a federally approved internal service fund rates and billing process with sufficient internal accounting controls to properly maximize federal reimbursement to Minnesota for human services system modernization projects, but not later than June 30, 2015.

Base Adjustment. The general fund base is increased by $6,099,000 in fiscal year 2016 and $1,185,000 in fiscal year 2017. The health access fund base is decreased by $551,000 in fiscal years 2016 and 2017.

(b) Children and Families

	Appropriations by Fund	
General	7,626,000	7,634,000
Federal TANF	2,282,000	2,282,000

Financial Institution Data Match and Payment of Fees. The commissioner is authorized to allocate up to $310,000 each year in fiscal years 2014 and 2015 from the PRISM special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

Base Adjustment. The general fund base is decreased by $300,000 in fiscal years 2016 and 2017, and the federal TANF fund base is increased by $300,000 in fiscal years 2016 and 2017.

(c) Health Care

	Appropriations by Fund	
General	13,924,000	13,795,000
Health Care Access	26,599,000	30,306,000

Base Adjustment. The health care access fund base is increased by $8,177,000 in fiscal year 2016 and by $6,712,000 in fiscal year 2017.

Medical assistance costs for inmates. The commissioner of corrections, for fiscal years 2014 through 2017, shall transfer to the commissioner of human services an amount equal to the state share of medical assistance costs related to implementation of Minnesota Statutes, section 256B.055, subdivision 14, paragraph (c).

(d) Continuing Care

	Appropriations by Fund	
General	18,734,000	19,272,000
State Government Special Revenue	125,000	125,000

Base Adjustment. The general fund base is increased by $3,324,000 in fiscal year 2016 and by $3,324,000 in fiscal year 2017.

(e) Chemical and Mental Health

	Appropriations by Fund	
General	4,480,000	4,300,000
Lottery Prize Fund	159,000	160,000

Subd. 5. **Forecasted Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MFIP/DWP

	Appropriations by Fund	
General	72,583,000	74,634,000
Federal TANF	83,104,000	80,510,000

(b) MFIP Child Care Assistance 59,662,000 59,393,000

Notwithstanding Minnesota Statutes, section 256J.021, TANF funds may be used to pay for any additional costs related to repeal of the MFIP family cap for individuals identified under Minnesota Statutes, section 256J.021.

(c) General Assistance 54,787,000 56,068,000

General Assistance Standard. The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or

living apart from parents or a legal guardian at $203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than $6,729,812 in fiscal year 2014 and $6,729,812 in fiscal year 2015. Funds to counties shall be allocated by the commissioner using the allocation method in Minnesota Statutes, section 256D.06.

(d) MN Supplemental Assistance	38,646,000	39,821,000
(e) Group Residential Housing	140,447,000	149,984,000

(f) MinnesotaCare

Health Care Access	296,272,000	226,606,000

(g) Medical Assistance

	Appropriations by Fund	
General	4,368,215,000	4,592,196,000
Health Care Access	292,771,000	123,507,000

The Departments of Human Services and Management and Budget shall identify general fund medical assistance populations costing $239,934,000 for fiscal year 2016 and $218,047,000 for fiscal year 2017 and transfer those costs to the HCAF. The base for these costs shall be counted in the health care access fund for fiscal years 2016 and 2017.

Newborn Screening. $121,000 in fiscal year 2014 and $141,000 in fiscal year 2015 are appropriated from the general fund, and $10,000 in fiscal year 2014 and $13,000 in fiscal year 2015 are appropriated from the health care access fund to the commissioner of human services for the hospital reimbursement increase in Minnesota Statutes, section 256.969, subdivision 29. The base for this appropriation in fiscal year 2016 is $14,000.

Transfer. $704,000 in fiscal year 2014 and $2,090,000 in fiscal year 2015 is transferred from the health care access fund to the general fund to provide increases in dental payment rates under Minnesota Statutes, section 256B.76, subdivision 2, paragraph (j).

(h) Alternative Care	47,197,000	45,084,000

Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

(i) CD Treatment Fund	81,440,000	74,875,000

Balance Transfer. The commissioner must transfer $18,188,000 from the consolidated chemical dependency treatment fund to the general fund by September 30, 2013.

Subd. 6. **Grant Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Support Services Grants

	Appropriations by Fund	
General	8,715,000	8,715,000
Federal TANF	91,832,000	90,952,000

MFIP Housing Assistance Grants. MFIP housing assistance grants under Minnesota Statutes, section 256J.35, paragraph (d), must be paid out of support services grants under this paragraph.

Paid Work Experience. $2,168,000 each year is from the general fund for paid work experience for long-term MFIP recipients. Paid work includes full and partial wage subsidies and other related services such as job development, marketing, preworksite training, job coaching, and postplacement services. These are onetime appropriations. Unexpended funds for fiscal year 2014 do not cancel but are available to the commissioner for this purpose in fiscal year 2015.

Work Study Funding for MFIP Participants. $250,000 each year is from the general fund to pilot work study jobs for MFIP recipients in approved postsecondary education programs. This is a onetime appropriation. Unexpended funds for fiscal year 2014 do not cancel but are available for this purpose in fiscal year 2015.

Local Strategies to Reduce Disparities. $2,000,000 each year is from the general fund, for local projects that focus on services for subgroups within the MFIP caseload who are experiencing poor employment outcomes. These are onetime appropriations. Unexpended funds for fiscal year 2014 do not cancel but are available to the commissioner for this purpose in fiscal year 2015.

Home Visiting Collaborations for MFIP Teen Parents. $200,000 each year is from the general fund for technical assistance and training to support local collaborations that provide home visiting services for MFIP teen parents. The TANF fund base is increased by $200,000 in fiscal years 2016 and 2017.

Base Adjustment. The general fund base is decreased by $4,618,000 in fiscal years 2016 and 2017. The TANF fund base is increased by $1,700,000 in fiscal years 2016 and 2017.

(b) Basic Sliding Fee Child Care Assistance Grants	38,356,000	38,681,000

Base Adjustment. The general fund base is increased by $1,278,000 in fiscal year 2016 and by $1,349,000 in fiscal year 2017.

(c) Child Care Development Grants	1,487,000	1,487,000
(d) Child Support Enforcement Grants	50,000	50,000

Federal Child Support Demonstration Grants. Federal administrative reimbursement resulting from the federal child support grant expenditures authorized under United States Code, title 42, section 1315, is appropriated to the commissioner for this activity.

(e) Children's Services Grants

	Appropriations by Fund	
General	47,438,000	47,801,000
Federal TANF	140,000	140,000

Adoption Assistance and Relative Custody Assistance. The commissioner may transfer unencumbered appropriation balances for adoption assistance and relative custody assistance between fiscal years and between programs.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal years 2014 and 2015 for adoption incentive grants are appropriated to the commissioner for these purposes.

Base Adjustment. The general fund base is increased by $5,139,000 in fiscal year 2016 and by $9,155,000 in fiscal year 2017.

(f) Child and Community Service Grants	53,301,000	53,301,000
(g) Child and Economic Support Grants	16,572,000	16,573,000

Minnesota Food Assistance Program. Unexpended funds for the Minnesota food assistance program for fiscal year 2014 do not cancel but are available for this purpose in fiscal year 2015.

Family Assets for Independence. $250,000 each year is for the Family Assets for Independence Minnesota program. This appropriation is available in either year of the biennium and may be transferred between fiscal years. This appropriation is added to the base.

(h) Health Care Grants

	Appropriations by Fund	
General	90,000	90,000
Health Care Access	2,228,000	1,413,000

Premium Subsidy. $.....is appropriated from the general fund in fiscal year 2014 and fiscal year 2015 to the commissioner of human services for the purpose of providing a premium subsidy to families purchasing supplemental autism coverage for young children on the private market if a family has an income below 400 percent of the federal poverty level. The commissioner may utilize the existing eligibility and enrollment system described in Minnesota Statutes, section 252.27, to determine a family's eligibility for subsidies under this section. This appropriation is available until expended and does not become part of the base.

Base Adjustment. The health care access fund is decreased by $1,223,000 in fiscal years 2016 and 2017.

(i) Aging and Adult Services Grants	22,149,000	23,015,000
(j) Deaf and Hard-of-Hearing Grants	1,767,000	1,767,000
(k) Disabilities Grants	17,984,000	17,861,000

(a) $180,000 each year from the general fund is for a grant to the Minnesota Organization on Fetal Alcohol Syndrome (MOFAS) to support nonprofit Fetal Alcohol Spectrum Disorders (FASD) outreach prevention programs in Olmsted County. This is a onetime appropriation.

Base Adjustment. The general fund base is increased by $502,000 in fiscal year 2016 and by $676,000 in fiscal year 2017.

(l) Adult Mental Health Grants

	Appropriations by Fund	
General	71,257,000	69,588,000
Health Care Access	750,000	750,000
Lottery Prize	1,508,000	1,508,000

Funding Usage. Up to 75 percent of a fiscal year's appropriations for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

Base Adjustment. The general fund base is decreased by $4,461,000 in fiscal years 2016 and 2017.

Mental Health Pilot Project. $230,000 each year is for a grant to the Zumbro Valley Mental Health Center. The grant shall be used to implement a pilot project to test an integrated behavioral health care coordination model. The grant recipient must report measurable outcomes and savings to the commissioner of human services by January 15, 2016. This is a onetime appropriation.

High-risk adults. $100,000 in fiscal year 2014 and $100,000 in fiscal year 2015 are appropriated from the general fund to the commissioner of human services for a grant to the nonprofit organization selected to administer the demonstration project for high-risk adults under Laws 2007, chapter 54, article 1, section 19, in order to complete the project. This is a onetime appropriation.

(m) Child Mental Health Grants	17,599,000	19,988,000

Funding Usage. Up to 75 percent of a fiscal year's appropriation for child mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

(n) CD Treatment Support Grants	1,516,000	1,516,000

Base Adjustment. The general fund base is decreased by $300,000 in fiscal years 2016 and 2017.

Subd. 7. **State-Operated Services**	186,744,000	188,183,000

Transfer Authority Related to State-Operated Services. Money appropriated for state-operated services may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) SOS Mental Health	116,598,000	117,467,000

Dedicated Receipts Available. Of the revenue received under Minnesota Statutes, section 246.18, subdivision 8, paragraph (a), $1,000,000 each year is available for the purposes of paragraph (b), clause (1), of that subdivision, $1,000,000 each year is available to transfer to the adult mental health budget activity for the purposes of paragraph (b), clause (2), of that subdivision, and up to $2,713,000 each year is available for the purposes of paragraph (b), clause (3), of that subdivision.

(b) SOS MN Security Hospital	70,146,000	70,715,000
Subd. 8. **Sex Offender Program**	77,341,000	80,895,000

Transfer Authority Related to Minnesota Sex Offender Program. Money appropriated for the Minnesota sex offender program may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

Subd. 9. **Technical Activities**	80,440,000	80,829,000

This appropriation is from the federal TANF fund.

Base Adjustment. The federal TANF fund base is decreased by $22,000 in fiscal year 2016 and by $49,000 in fiscal year 2017.

Subd. 10. **Transfer.**

The commissioner of management and budget must transfer $65,000,000 in fiscal year 2014 from the general fund to the health care access fund. This is a onetime transfer.

Sec. 4. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation**	**$172,440,000**	**$168,946,000**

Appropriations by Fund

	2014	2015
General	80,151,000	75,001,000
State Government Special Revenue	48,296,000	50,515,000
Health Care Access	32,280,000	31,717,000
Federal TANF	11,713,000	11,713,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Health Improvement**

Appropriations by Fund

General	53,475,000	48,260,000
State Government Special Revenue	1,040,000	1,047,000
Health Care Access	21,725,000	21,731,000
Federal TANF	11,713,000	11,713,000

Notwithstanding the cancellation requirement in Minnesota Statutes, section 256J.02, subdivision 6, TANF funds awarded under Minnesota Statutes, section 145.928, during fiscal year 2013 to grantees determined during the application process to have limited financial capacity, are available until June 30, 2014.

Statewide Health Improvement Program. $20,000,000 in fiscal year 2014 and $20,000,000 in fiscal year 2015 are appropriated from the health care access fund for the statewide health improvement program under Minnesota Statutes, section 145.986.

Statewide Cancer Surveillance System. Of the general fund appropriation, $350,000 in fiscal year 2014 and $350,000 in fiscal year 2015 are appropriated to develop and implement a new cancer reporting system under Minnesota Statutes, sections 144.671 to 144.69. Any information technology development or support costs necessary for the cancer surveillance system must be incorporated into the agency's service level agreement and paid to the Office of Enterprise Technology.

Eliminating Reproductive Health Disparities. To the extent funds are available for fiscal years 2014 and 2015 for grants provided pursuant to Minnesota Statutes, section 145.928, the commissioner may provide a grant to a Somali-based organization located in Minnesota to develop a reproductive health strategic plan to eliminate reproductive health disparities for Somali women. The plan shall develop initiatives to provide educational and information resources to health care providers, community organizations, and Somali women to ensure effective interaction with Somali culture and western medicine and the delivery of appropriate health care services, and the achievement of better health outcomes for Somali women. The plan must engage health care providers, the Somali community, and Somali health-centered organizations. The commissioner shall submit a report to the chairs and ranking minority members of the senate and house committees with jurisdiction over health policy on the strategic plan developed under this grant for eliminating reproductive health disparities for Somali women. The report must be submitted by February 15, 2014.

TANF Appropriations. (1) $1,156,000 of the TANF funds is appropriated each year of the biennium to the commissioner for family planning grants under Minnesota Statutes, section 145.925.

(2) $3,579,000 of the TANF funds is appropriated each year of the biennium to the commissioner for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funds must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1.

(3) $2,000,000 of the TANF funds is appropriated each year of the biennium to the commissioner for decreasing racial and ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7.

(4) $4,978,000 of the TANF funds is appropriated each year of the biennium to the commissioner for the family home visiting grant program according to Minnesota Statutes, section 145A.17. $4,000,000 of the funding must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1. $978,000 of the funding must be distributed to tribal governments based on Minnesota Statutes, section 145A.14, subdivision 2a.

(5) The commissioner may use up to 6.23 percent of the funds appropriated each fiscal year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

TANF Carryforward. Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

Subd. 3. **Policy Quality and Compliance**

	Appropriations by Fund	
General	9,400,000	9,409,000
State Government Special Revenue	14,481,000	16,548,000
Health Care Access	10,555,000	9,986,000

Base Level Adjustment. The state government special revenue fund base shall be reduced by $2,000 in fiscal year 2017. The health care access base shall be increased by $600,000 in fiscal year 2015.

Subd. 4. **Health Protection**

	Appropriations by Fund	
General	9,503,000	9,558,000
State Government Special Revenue	32,775,000	32,920,000

Infectious Disease Laboratory. Of the general fund appropriation, $200,000 in fiscal year 2014 and $200,000 in fiscal year 2015 are appropriated to the commissioner to monitor infectious disease trends and investigate infectious disease outbreaks.

Surveillance for Elevated Blood Lead Levels. Of the general fund appropriation, $100,000 in fiscal year 2014 and $100,000 in fiscal year 2015 are appropriated to the commissioner for the blood lead surveillance system under Minnesota Statutes, section 144.9502.

Newborn Screening. (a) $365,000 in fiscal year 2014 and $349,000 in fiscal year 2015 are appropriated for the purpose of providing support services to families as required under Minnesota Statutes, section 144.966, subdivision 3a.

(b) $164,000 in fiscal year 2014 and $156,000 in fiscal year 2015 are appropriated for home-based education in American Sign Language for families with children who are deaf or have hearing loss, as required under Minnesota Statutes, section 144.966, subdivision 3a.

Sexual Violence Prevention. Within available appropriations, by January 15, 2015, the commissioner must report to the legislature on its activities to prevent sexual violence, including activities to promote coordination of existing state programs and services to achieve maximum impact on addressing the root causes of sexual violence.

Safe Harbor for Sexually Exploited Youth. (a) $1,000,000 in fiscal year 2014 and $1,000,000 in fiscal year 2015 are for supportive service grants for the safe harbor for sexually exploited youth program, under Minnesota Statutes, section 145.4716, including advocacy services, civil legal services, health care services, mental and chemical health services, education and employment services, aftercare and relapse prevention, and family reunification services. This appropriation shall be added to the base.

(b) $381,000 in fiscal year 2014 and $381,000 in fiscal year 2015 are for grants to six regional navigators under Minnesota Statutes, section 145.4717. This appropriation shall be added to the base.

(c) $82,500 in fiscal year 2014 and $82,500 in fiscal year 2015 are for the director of child sex trafficking prevention position. This appropriation shall be added to the base.

(d) $72,900 in fiscal year 2015 is for program evaluation required under Minnesota Statutes, section 145.4718. This appropriation shall be added to the base.

Base Level Adjustment. The state government special revenue base is increased by $6,000 in fiscal year 2016 and by $27,000 in fiscal year 2017.

Subd. 5. **Administrative Support Services**	7,773,000	7,774,000

Regional Support for Local Public Health Departments. $350,000 in fiscal year 2014 and $350,000 in fiscal year 2015 are appropriated to the commissioner for regional staff who provide specialized expertise to local public health departments.

Sec. 5. **HEALTH-RELATED BOARDS**

Subdivision 1. **Total Appropriation**	**$17,224,000**	**$17,288,000**

This appropriation is from the state government special revenue fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Board of Chiropractic Examiners**	473,000	477,000
Subd. 3. **Board of Dentistry**	1,835,000	1,850,000

Health Professional Services Program. Of this appropriation, $704,000 in fiscal year 2014 and $704,000 in fiscal year 2015 from the state government special revenue fund are for the health professional services program.

Subd. 4. **Board of Dietetic and Nutrition Practice**	112,000	112,000
Subd. 5. **Board of Marriage and Family Therapy**	169,000	170,000
Subd. 6. **Board of Medical Practice**	3,883,000	3,900,000
Subd. 7. **Board of Nursing**	3,664,000	3,692,000
Subd. 8. **Board of Nursing Home Administrators**	1,630,000	1,586,000

Administrative Services Unit - Operating Costs. Of this appropriation, $676,000 in fiscal year 2014 and $626,000 in fiscal year 2015 are for operating costs of the administrative services unit. The administrative services unit may receive and expend reimbursements for services performed by other agencies.

Administrative Services Unit - Volunteer Health Care Provider Program. Of this appropriation, $150,000 in fiscal year 2014 and $150,000 in fiscal year 2015 are to pay for medical professional liability coverage required under Minnesota Statutes, section 214.40.

Administrative Services Unit - Contested Cases and Other Legal Proceedings. Of this appropriation, $200,000 in fiscal year 2014 and $200,000 in fiscal year 2015 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section. Upon certification of a health-related board to the administrative services unit that the costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of management and budget. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

Criminal Background Checks. $390,000 each year from the state government special revenue fund is for the Administrative Support Services Unit for the implementation of a criminal background check program.

Subd. 9. **Board of Optometry**	108,000	108,000
Subd. 10. **Board of Pharmacy**	2,362,000	2,380,000

Prescription Electronic Reporting. Of this appropriation, $356,000 in fiscal year 2014 and $356,000 in fiscal year 2015 from the state government special revenue fund are to the board to operate the prescription electronic reporting system in Minnesota Statutes, section 152.126.

Subd. 11. **Board of Physical Therapy**	348,000	351,000
Subd. 12. **Board of Podiatry**	76,000	77,000
Subd. 13. **Board of Psychology**	853,000	861,000
Subd. 14. **Board of Social Work**	1,061,000	1,069,000
Subd. 15. **Board of Veterinary Medicine**	232,000	234,000
Subd. 16. **Board of Behavioral Health and Therapy**	418,000	421,000
Sec. 6. **EMERGENCY MEDICAL SERVICES REGULATORY BOARD**	**$2,749,000**	**$2,756,000**

Regional Grants. $585,000 in fiscal year 2014 and $585,000 in fiscal year 2015 are for regional emergency medical services programs, to be distributed equally to the eight emergency medical service regions.

Cooper/Sams Volunteer Ambulance Program. $700,000 in fiscal year 2014 and $700,000 in fiscal year 2015 are for the Cooper/Sams volunteer ambulance program under Minnesota Statutes, section 144E.40.

(a) Of this amount, $611,000 in fiscal year 2014 and $611,000 in fiscal year 2015 are for the ambulance service personnel longevity award and incentive program under Minnesota Statutes, section 144E.40.

(b) Of this amount, $89,000 in fiscal year 2014 and $89,000 in fiscal year 2015 are for the operations of the ambulance service personnel longevity award and incentive program under Minnesota Statutes, section 144E.40.

Ambulance Training Grant. $361,000 in fiscal year 2014 and $361,000 in fiscal year 2015 are for training grants.

EMSRB Board Operations. $1,095,000 in fiscal year 2014 and $1,095,000 in fiscal year 2015 are for operations.

Sec. 7. **COUNCIL ON DISABILITY**	**$618,000**	**$622,000**
Sec. 8. **OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES**	**$1,668,000**	**$1,680,000**
Sec. 9. **OMBUDSPERSON FOR FAMILIES**	**$336,000**	**$339,000**

Sec. 10. Minnesota Statutes 2012, section 256.01, subdivision 34, is amended to read:

Subd. 34. **Federal administrative reimbursement dedicated.** Federal administrative reimbursement resulting from the following activities is appropriated to the commissioner for the designated purposes:

(1) reimbursement for the Minnesota senior health options project; ~~and~~

(2) reimbursement related to prior authorization and inpatient admission certification by a professional review organization. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance~~.~~; and

(3) reimbursement resulting from the federal child support grant expenditures authorized under United States Code, title 42, section 1315.

Sec. 11. Minnesota Statutes 2012, section 256.01, is amended by adding a subdivision to read:

Subd. 35. **Federal reimbursement for privatized adoption grants.** Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Sec. 12. Minnesota Statutes 2012, section 256.01, is amended by adding a subdivision to read:

Subd. 36. **DHS receipt center accounting.** The commissioner may transfer appropriations to, and account for DHS receipt center operations in, the special revenue fund.

Sec. 13. **TRANSFERS.**

Subdivision 1. **Grants.** The commissioner of human services, with the approval of the commissioner of management and budget, may transfer unencumbered appropriation balances for the biennium ending June 30, 2015, within fiscal years among the MFIP, general assistance, general assistance medical care under Minnesota Statutes 2009 Supplement, section 256D.03, subdivision 3, medical assistance, MinnesotaCare, MFIP child care assistance under Minnesota Statutes, section 119B.05, Minnesota supplemental aid, group residential housing programs, the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance Division and the house of representatives Health and Human Services Finance Committee quarterly about transfers made under this provision.

Subd. 2. **Administration.** Positions, salary money, and nonsalary administrative money may be transferred within the Departments of Human Services and Health as the commissioners consider necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform the chairs and ranking minority members of the senate Health and Human Services Finance Division and the house of representatives Health and Human Services Finance Committee quarterly about transfers made under this provision.

Sec. 14. **INDIRECT COSTS NOT TO FUND PROGRAMS.**

The commissioners of health and human services shall not use indirect cost allocations to pay for the operational costs of any program for which they are responsible.

Sec. 15. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2015, unless a different expiration date is explicit.

Sec. 16. **EFFECTIVE DATE.**

This article is effective July 1, 2013, unless a different effective date is specified.

ARTICLE 15
HUMAN SERVICES CONTINGENT APPROPRIATIONS

Section 1. **HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in article 14 to the agencies and for the purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2014, are effective the day following final enactment unless a different effective date is explicit.

	APPROPRIATIONS Available for the Year Ending June 30	
	2014	**2015**
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	**$1,906,000**	**$2,047,000**
Appropriations by Fund		
2014 2015		
General 1,906,000 2,047,000		
Reform 2020 Contingency. The appropriation from the general fund may be adjusted as provided in article 2, section 49, in order to implement Reform 2020 and systems modernization.		
Subd. 2. **Central Office Operations**		
(a) **Operations**	3,384,000	14,506,000
Systems Modernization Transfer. If contingent funding is fully or partially disbursed as provided in article 2, section 49, and transferred to the state systems account, the unexpended balance of		

that appropriation must be transferred to the Office of Enterprise Technology in accordance with clause (2) of the systems modernization provision in article 14. Contingent funding under this provision must not exceed $16,992,000 for the biennium.

(b) **Children and Families**	109,000	206,000
(c) **Health Care**	100,000	100,000
(d) **Continuing Care**	5,236,000	5,541,000
Subd. 3. **Forecasted Programs**		
(a) **Group Residential Housing**	(1,166,000)	(8,602,000)
(b) **Medical Assistance**	(3,770,000)	(10,086,000)
(c) **Alternative Care**	(6,981,000)	(4,394,000)
Subd. 4. **Grant Programs**		
(a) **Child and Community Services Grants**	3,000,000	3,000,000
(b) **Aging and Adult Services Grants**	1,430,000	1,237,000
(c) **Disability Grants**	564,000	539,000"

Adjust amounts accordingly

Correct the internal references

Delete the title and insert:

"A bill for an act relating to state government; establishing the health and human services budget; modifying provisions related to health care, continuing care, human services licensing, chemical and mental health, managed care organizations, waiver provider standards, home care, and the Department of Health; redesigning home and community-based services; establishing payment methodologies for home and community-based services; adjusting nursing and ICF/DD facility rates; setting and modifying fees; modifying autism coverage; making technical changes; requiring studies; requiring reports; appropriating money; amending Minnesota Statutes 2012, sections 16A.152, subdivision 2; 16A.724, subdivisions 2, 3; 16C.10, subdivision 5; 16C.155, subdivision 1; 62J.692, subdivision 4; 62Q.19, subdivision 1; 103I.005, by adding a subdivision; 103I.521; 119B.13, subdivision 7; 144.051, by adding subdivisions; 144.0724, subdivision 4; 144.123, subdivision 1; 144.125, subdivision 1; 144.966, subdivisions 2, 3a; 144.98, subdivisions 3, 5, by adding subdivisions; 144.99, subdivision 4; 144A.351; 144A.43; 144A.44; 144A.45; 144D.01, subdivision 4; 145.986; 145C.01, subdivision 7; 148E.065, subdivision 4a; 149A.02, subdivisions 1a, 2, 3, 4, 5, 16, 23, 27, 34, 35, 37, by adding subdivisions; 149A.03; 149A.65, by adding subdivisions; 149A.70, subdivisions 1, 2, 3, 5; 149A.71, subdivisions 2, 4; 149A.72, subdivisions 3, 9, by adding a subdivision; 149A.73, subdivisions 1, 2, 4; 149A.74; 149A.91, subdivision 9; 149A.93, subdivisions 3, 6; 149A.94; 149A.96, subdivision 9; 174.30, subdivision 1; 214.40, subdivision 1; 243.166, subdivisions 4b, 7; 245.4661, subdivisions 5, 6; 245.4682, subdivision 2; 245A.02, subdivisions 1, 9, 10, 14; 245A.03, subdivisions 7, 8, 9; 245A.04, subdivision 13; 245A.042, subdivision 3; 245A.07, subdivision 3; 245A.08, subdivision 2a; 245A.10; 245A.11, subdivisions 2a, 7, 7a, 7b, 8; 245A.1435; 245A.16, subdivision 1; 245C.04, by adding a subdivision;

245C.08, subdivision 1; 245D.02; 245D.03; 245D.04; 245D.05; 245D.06; 245D.07; 245D.09; 245D.10; 246.18, subdivision 8, by adding a subdivision; 246.54; 254B.04, subdivision 1; 254B.13; 256.01, subdivisions 2, 24, 34, by adding subdivisions; 256.9657, subdivisions 2, 3a; 256.9685, subdivision 2; 256.969, subdivisions 3a, 29; 256.975, subdivision 7, by adding subdivisions; 256.9754, subdivision 5, by adding subdivisions; 256B.02, by adding subdivisions; 256B.021, by adding subdivisions; 256B.04, subdivisions 18, 21, by adding a subdivision; 256B.055, subdivisions 3a, 6, 10, 14, 15, by adding a subdivision; 256B.056, subdivisions 1, 1c, 3, 4, as amended, 5c, 10, by adding a subdivision; 256B.057, subdivisions 1, 8, 10, by adding a subdivision; 256B.06, subdivision 4; 256B.0623, subdivision 2; 256B.0625, subdivisions 9, 13e, 19c, 31, 39, 48, 58, by adding subdivisions; 256B.0631, subdivision 1; 256B.064, subdivisions 1a, 1b, 2; 256B.0659, subdivision 21; 256B.0755, subdivision 3; 256B.0756; 256B.0911, subdivisions 1, 1a, 3a, 4d, 6, 7, by adding a subdivision; 256B.0913, subdivision 4, by adding a subdivision; 256B.0915, subdivisions 3a, 5, by adding a subdivision; 256B.0916, by adding a subdivision; 256B.0917, subdivisions 6, 13, by adding subdivisions; 256B.092, subdivisions 11, 12, by adding subdivisions; 256B.0946; 256B.095; 256B.0951, subdivisions 1, 4; 256B.0952, subdivisions 1, 5; 256B.097, subdivisions 1, 3; 256B.431, subdivision 44; 256B.434, subdivision 4, by adding a subdivision; 256B.437, subdivision 6; 256B.439, subdivisions 1, 2, 3, 4, by adding a subdivision; 256B.441, subdivisions 13, 53; 256B.49, subdivisions 11a, 12, 14, 15, by adding subdivisions; 256B.4912, subdivisions 1, 2, 3, 7, by adding subdivisions; 256B.4913, subdivisions 5, 6, by adding a subdivision; 256B.492; 256B.493, subdivision 2; 256B.5011, subdivision 2; 256B.5012, by adding subdivisions; 256B.69, subdivisions 5c, 31, by adding a subdivision; 256B.694; 256B.76, subdivisions 2, 4, by adding a subdivision; 256B.761; 256B.764; 256B.766; 256I.04, subdivision 3; 256I.05, subdivision 1e, by adding a subdivision; 256J.35; 256K.45; 256L.01, subdivisions 3a, 5, by adding subdivisions; 256L.02, subdivision 2, by adding subdivisions; 256L.03, subdivisions 1, 1a, 3, 5, 6, by adding a subdivision; 256L.04, subdivisions 1, 7, 8, 10, by adding subdivisions; 256L.05, subdivisions 1, 2, 3; 256L.06, subdivision 3; 256L.07, subdivisions 1, 2, 3; 256L.09, subdivision 2; 256L.11, subdivision 6; 256L.15, subdivisions 1, 2; 257.0755, subdivision 1; 260B.007, subdivisions 6, 16; 260C.007, subdivisions 6, 31; 471.59, subdivision 1; 626.556, subdivisions 2, 3, 10d; 626.557, subdivisions 4, 9, 9a, 9e; 626.5572, subdivision 13; Laws 1998, chapter 407, article 6, section 116; Laws 2011, First Special Session chapter 9, article 2, section 27; article 10, section 3, subdivision 3, as amended; proposing coding for new law in Minnesota Statutes, chapters 62A; 62D; 144; 144A; 145; 149A; 214; 245; 245D; 254B; 256; 256B; 256L; repealing Minnesota Statutes 2012, sections 103I.005, subdivision 20; 144.123, subdivision 2; 144A.46; 144A.461; 149A.025; 149A.20, subdivision 8; 149A.30, subdivision 2; 149A.40, subdivision 8; 149A.45, subdivision 6; 149A.50, subdivision 6; 149A.51, subdivision 7; 149A.52, subdivision 5a; 149A.53, subdivision 9; 245A.655; 245B.01; 245B.02; 245B.03; 245B.031; 245B.04; 245B.05, subdivisions 1, 2, 3, 5, 6, 7; 245B.055; 245B.06; 245B.07; 245B.08; 245D.08; 256B.055, subdivisions 3, 5, 10b; 256B.056, subdivision 5b; 256B.057, subdivisions 1c, 2; 256B.0911, subdivisions 4a, 4b, 4c; 256B.0917, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 14; 256B.096, subdivisions 1, 2, 3, 4; 256B.14, subdivision 3a; 256B.49, subdivision 16a; 256B.4913, subdivisions 1, 2, 3, 4; 256B.5012, subdivision 13; 256J.24, subdivision 6; 256K.45, subdivision 2; 256L.01, subdivision 4a; 256L.031; 256L.04, subdivisions 1b, 9, 10a; 256L.05, subdivision 3b; 256L.07, subdivisions 5, 8, 9; 256L.11, subdivision 5; 256L.12; 256L.17, subdivisions 1, 2, 3, 4, 5; 485.14; 609.093; Laws 2011, First Special Session chapter 9, article 7, section 54, as amended; Minnesota Rules, parts 4668.0002; 4668.0003; 4668.0005; 4668.0008; 4668.0012; 4668.0016; 4668.0017; 4668.0019; 4668.0030; 4668.0035; 4668.0040; 4668.0050; 4668.0060; 4668.0065; 4668.0070; 4668.0075; 4668.0080; 4668.0100; 4668.0110; 4668.0120; 4668.0130; 4668.0140; 4668.0150; 4668.0160; 4668.0170; 4668.0180; 4668.0190; 4668.0200; 4668.0218; 4668.0220; 4668.0230; 4668.0240; 4668.0800; 4668.0805; 4668.0810; 4668.0815; 4668.0820; 4668.0825; 4668.0830; 4668.0835; 4668.0840; 4668.0845; 4668.0855; 4668.0860; 4668.0865; 4668.0870; 4669.0001; 4669.0010; 4669.0020; 4669.0030; 4669.0040; 4669.0050."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 1684, A bill for an act relating to metropolitan government; providing for redistricting of the Metropolitan Council districts; repealing Minnesota Statutes 2012, section 473.123, subdivision 3d.

Reported the same back with the following amendments:

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 2012, section 473.123, is amended by adding a subdivision to read:

Subd. 3e. **District boundaries.** Metropolitan Council plan MC2013-4, on file with the Geographical Information Systems Office of the Legislative Coordinating Commission and published on its Web site on April 8, 2013, is adopted and constitutes the redistricting plan required by subdivision 3a. The boundaries of each Metropolitan Council district are as described in that plan."

Page 1, delete section 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "adopting district boundaries;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 1710, A bill for an act relating to environment; modifying Environmental Quality Board provisions; amending Minnesota Statutes 2012, section 116C.03, subdivisions 2, 4, 5.

Reported the same back with the following amendments:

Page 2, after line 7, insert:

"Sec. 4. Minnesota Statutes 2012, section 144.966, subdivision 2, is amended to read:

Subd. 2. **Newborn Hearing Screening Advisory Committee.** (a) The commissioner of health shall establish a Newborn Hearing Screening Advisory Committee to advise and assist the Department of Health and the Department of Education in:

(1) developing protocols and timelines for screening, rescreening, and diagnostic audiological assessment and early medical, audiological, and educational intervention services for children who are deaf or hard-of-hearing;

(2) designing protocols for tracking children from birth through age three that may have passed newborn screening but are at risk for delayed or late onset of permanent hearing loss;

(3) designing a technical assistance program to support facilities implementing the screening program and facilities conducting rescreening and diagnostic audiological assessment;

(4) designing implementation and evaluation of a system of follow-up and tracking; and

(5) evaluating program outcomes to increase effectiveness and efficiency and ensure culturally appropriate services for children with a confirmed hearing loss and their families.

(b) The commissioner of health shall appoint at least one member from each of the following groups with no less than two of the members being deaf or hard-of-hearing:

(1) a representative from a consumer organization representing culturally deaf persons;

(2) a parent with a child with hearing loss representing a parent organization;

(3) a consumer from an organization representing oral communication options;

(4) a consumer from an organization representing cued speech communication options;

(5) an audiologist who has experience in evaluation and intervention of infants and young children;

(6) a speech-language pathologist who has experience in evaluation and intervention of infants and young children;

(7) two primary care providers who have experience in the care of infants and young children, one of which shall be a pediatrician;

(8) a representative from the early hearing detection intervention teams;

(9) a representative from the Department of Education resource center for the deaf and hard-of-hearing or the representative's designee;

(10) a representative of the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans;

(11) a representative from the Department of Human Services Deaf and Hard-of-Hearing Services Division;

(12) one or more of the Part C coordinators from the Department of Education, the Department of Health, or the Department of Human Services or the department's designees;

(13) the Department of Health early hearing detection and intervention coordinators;

(14) two birth hospital representatives from one rural and one urban hospital;

(15) a pediatric geneticist;

(16) an otolaryngologist;

(17) a representative from the Newborn Screening Advisory Committee under this subdivision; and

(18) a representative of the Department of Education regional low-incidence facilitators.

The commissioner must complete the appointments required under this subdivision by September 1, 2007.

(c) The Department of Health member shall chair the first meeting of the committee. At the first meeting, the committee shall elect a chair from its membership. The committee shall meet at the call of the chair, at least four times a year. The committee shall adopt written bylaws to govern its activities. The Department of Health shall provide technical and administrative support services as required by the committee. These services shall include technical support from individuals qualified to administer infant hearing screening, rescreening, and diagnostic audiological assessments.

Members of the committee shall receive no compensation for their service, but shall be reimbursed as provided in section 15.059 for expenses incurred as a result of their duties as members of the committee.

(d) This subdivision expires June 30, ~~2013~~ 2019.

Sec. 5. Minnesota Statutes 2012, section 144.98, is amended by adding a subdivision to read:

Subd. 10. **Establishing a selection committee.** (a) The commissioner shall establish a selection committee for the purpose of recommending approval of qualified laboratory assessors and assessment bodies. Committee members shall demonstrate competence in assessment practices. The committee shall initially consist of seven members appointed by the commissioner as follows:

(1) one member from a municipal laboratory accredited by the commissioner;

(2) one member from an industrial treatment laboratory accredited by the commissioner;

(3) one member from a commercial laboratory located in this state and accredited by the commissioner;

(4) one member from a commercial laboratory located outside the state and accredited by the commissioner;

(5) one member from a nongovernmental client of environmental laboratories;

(6) one member from a professional organization with a demonstrated interest in environmental laboratory data and accreditation; and

(7) one employee of the laboratory accreditation program administered by the department.

(b) Committee appointments begin on January 1 and end on December 31 of the same year.

(c) The commissioner shall appoint persons to fill vacant committee positions, expand the total number of appointed positions, or change the designated positions upon the advice of the committee.

(d) The commissioner shall rescind the appointment of a selection committee member for sufficient cause as the commissioner determines, such as:

(1) neglect of duty;

(2) failure to notify the commissioner of a real or perceived conflict of interest;

(3) nonconformance with committee procedures;

(4) failure to demonstrate competence in assessment practices; or

(5) official misconduct.

(e) Members of the selection committee shall be compensated according to the provisions in section 15.059, subdivision 3.

Sec. 6. Minnesota Statutes 2012, section 144.98, is amended by adding a subdivision to read:

Subd. 11. **Activities of the selection committee.** (a) The selection committee will determine assessor and assessment body application requirements, the frequency of application submittal, and the application review schedule. The commissioner shall publish the application requirements and procedures on the accreditation program Web site.

(b) In its selection process, the committee shall ensure its application requirements and review process:

(1) meet the standards implemented in subdivision 2a;

(2) ensure assessors have demonstrated competence in technical disciplines offered for accreditation by the commissioner; and

(3) consider any history of repeated nonconformance or complaints regarding assessors or assessment bodies.

(c) The selection committee shall consider an application received from qualified applicants and shall supply a list of recommended assessors and assessment bodies to the commissioner of health no later than 90 days after the commissioner notifies the committee of the need for review of applications.

Sec. 7. **[144A.4799] DEPARTMENT OF HEALTH LICENSED HOME CARE PROVIDER ADVISORY COUNCIL.**

Subdivision 1. **Membership.** The commissioner of health shall appoint eight persons to a home care provider advisory council consisting of the following:

(1) three public members as defined in section 214.02 who shall be either persons who are currently receiving home care services or have family members receiving home care services, or persons who have family members who have received home care services within five years of the application date;

(2) three Minnesota home care licensees representing basic and comprehensive levels of licensure who may be a managerial official, an administrator, a supervising registered nurse, or an unlicensed personnel performing home care tasks;

(3) one member representing the Minnesota Board of Nursing; and

(4) one member representing the ombudsman for long-term care.

Subd. 2. **Organizations and meetings.** The advisory council shall be organized and administered under section 15.059 with per diems and costs paid within the limits of available appropriations. Meetings will be held quarterly and hosted by the department. Subcommittees may be developed as necessary by the commissioner. Advisory council meetings are subject to the Open Meeting Law under chapter 13D.

Subd. 3. **Duties.** At the commissioner's request, the advisory council shall provide advice regarding regulations of Department of Health licensed home care providers in this chapter such as:

(1) advice to the commissioner regarding community standards for home care practices;

(2) advice to the commissioner on enforcement of licensing standards and whether certain disciplinary actions are appropriate;

(3) advice to the commissioner about ways of distributing information to licensees and consumers of home care;

(4) advice to the commissioner about training standards;

(5) identify emerging issues and opportunities in the home care field, including the use of technology in home and telehealth capabilities; and

(6) perform other duties as directed by the commissioner.

Sec. 8. **[245.8251] POSITIVE SUPPORT STRATEGIES AND EMERGENCY MANUAL RESTRAINT; LICENSED FACILITIES AND PROGRAMS.**

Subdivision 1. **Rules.** The commissioner of human services shall, within 24 months of enactment of this section, adopt rules governing the use of positive support strategies, safety interventions, and emergency use of manual restraint in facilities and services licensed under chapter 245D.

Subd. 2. **Data collection.** (a) The commissioner shall, with stakeholder input, develop data collection elements specific to incidents on the use of controlled procedures with persons receiving services from providers regulated under Minnesota Rules, parts 9525.2700 to 9525.2810, and incidents involving persons receiving services from providers identified to be licensed under chapter 245D effective January 1, 2014. Providers shall report the data in a format and at a frequency provided by the commissioner of human services.

(b) Beginning July 1, 2013, providers regulated under Minnesota Rules, parts 9525.2700 to 9525.2810, shall submit data regarding the use of all controlled procedures in a format and at a frequency provided by the commissioner.

Sec. 9. **RULEMAKING; INDUSTRIAL MINERALS AND NONFERROUS MINERAL LEASES.**

The commissioner of natural resources may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend Minnesota Rules, parts 6125.0100 to 6125.0700 and 6125.8000 to 6125.8700, to conform with the changes to Minnesota Statutes, section 93.25, subdivision 2, contained in H. F. No. 976. Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 10. **RULEMAKING; PERMIT TO MINE.**

The commissioner of natural resources may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend Minnesota Rules, chapter 6130, to conform with the changes to Minnesota Statutes, section 93.46, contained in H. F. No. 976. Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388."

Amend the title as follows:

Page 1, delete line 2 and insert "relating to state government; modifying Environmental Quality Board provisions; extending advisory committee; establishing health-related selection committee and advisory council; providing for certain rulemaking and data collection;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 568, 724, 779, 976 and 1160 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Kahn introduced:

H. F. No. 1770, A bill for an act relating to lawful gambling; modifying definitions and making other technical, clarifying, and conforming changes related to electronic games; amending Minnesota Statutes 2012, sections 349.12, subdivisions 12a, 12b, 12d, 18; 349.13; 349.151, subdivision 4d; 349.17, subdivision 9; 349.1721, subdivision 4; 349.2127, subdivision 7.

The bill was read for the first time and referred to the Committee on Commerce and Consumer Protection Finance and Policy.

Quam; Kiel; Woodard; Wills; Hamilton; Petersburg; Gruenhagen; Peppin; Erickson, S.; Holberg; Uglem; Benson, M.; O'Neill; Pugh; Scott; Leidiger; Drazkowski and Runbeck introduced:

H. F. No. 1771, A bill for an act relating to education; establishing the Student Religious Liberties Act; proposing coding for new law in Minnesota Statutes, chapter 121A.

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

Newton introduced:

H. F. No. 1772, A bill for an act relating to taxation; imposing a long-term care tax to fund services; amending Minnesota Statutes 2012, section 290.06, by adding a subdivision.

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

Anderson, S.; Davids; Loon; Runbeck; Mack; Myhra and Drazkowski introduced:

H. F. No. 1773, A bill for an act relating to taxation; individual income; providing for a maximum rate of 7.05 percent on active trade or business income; amending Minnesota Statutes 2012, sections 290.06, subdivision 2c; 290.0675, subdivisions 1, 3.

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

Bernardy, Atkins, Mariani, Abeler, Uglem, Slocum and Hansen introduced:

H. F. No. 1774, A bill for an act relating to education finance; repaying the school aids shifts; restoring the school district current year aid payment shift percentage to 90; eliminating the property tax recognition shift; amending Minnesota Statutes 2012, sections 123B.75, subdivision 5; 127A.45, subdivision 2.

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

Kahn introduced:

H. F. No. 1775, A bill for an act relating to natural resources; modifying rulemaking authority; amending Minnesota Statutes 2012, section 116G.15, subdivision 7.

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

Kahn, Lillie, Mullery, Hausman, Davnie, Wagenius and Clark introduced:

H. F. No. 1776, A bill for an act relating to metropolitan government; requiring development of a model ordinance and a building code for urban riverfronts.

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

Lenczewski introduced:

H. F. No. 1777, A bill for an act relating to taxation; sales and use; repealing June accelerated tax payment; amending Minnesota Statutes 2012, sections 289A.18, subdivision 4; 289A.20, subdivision 4; 297F.09, subdivisions 1, 2; 297F.25, subdivision 2; repealing Minnesota Statutes 2012, sections 289A.60, subdivision 15; 297F.09, subdivision 10; 297G.09, subdivision 9.

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

Lenczewski introduced:

H. F. No. 1778, A bill for an act relating to taxation; authorizing participation in audits performed by the Multistate Tax Commission; amending Minnesota Statutes 2012, section 270C.03, subdivision 1; repealing Minnesota Statutes 2012, sections 290.171; 290.173; 290.174.

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

Mullery introduced:

H. F. No. 1779, A bill for an act relating to early childhood; modifying provisions relating to child care programs, the Minnesota Family Investment Program, child foster care, and adoption; establishing family child care infant sleep supervision requirements; modifying family child care training requirements; establishing the Northstar care for children program; providing for hearings and appeals; requiring a report; amending Minnesota Statutes 2012, sections 119B.011, by adding a subdivision; 119B.02, by adding a subdivision; 119B.025, subdivision 1; 119B.03, subdivision 4; 119B.05, subdivision 1; 119B.13, subdivisions 1, 1a, 6, by adding subdivisions; 245A.07, subdivision 2a; 245A.1435; 245A.144; 245A.1444; 245A.40, subdivision 5; 245A.50; 245C.08, subdivision 1; 245C.33, subdivision 1; 256.0112, by adding a subdivision; 256.82, subdivisions 2, 3; 256.98, subdivision 8; 256J.08, subdivision 24; 256J.21, subdivisions 2, 3; 256J.24, subdivisions 3, 7; 256J.621; 256J.626, subdivision 7; 257.85, subdivisions 2, 5, 6; 260C.446; proposing coding for new law in Minnesota Statutes, chapters 245A; 256J; 259A; 260C; proposing coding for new law as Minnesota Statutes, chapter 256N; repealing Minnesota Statutes 2012, sections 256.82, subdivision 4; 256J.24, subdivision 10; 260C.441; Minnesota Rules, parts 3400.0130, subpart 8; 9502.0355, subpart 4; 9560.0650, subparts 1, 3, 6; 9560.0651; 9560.0655.

The bill was read for the first time and referred to the Committee on Early Childhood and Youth Development Policy.

Huntley introduced:

H. F. No. 1780, A bill for an act relating to state government; modifying certain health and human services data practices provisions; establishing community first services and supports and Northstar Care for Children; modifying provisions relating to vital records, reporting suspected maltreatment, child custody, background studies, and fraud investigations; program integrity; waiver provider standards; licensing home care providers; establishing penalties; establishing an advisory council; licensing alkaline hydrolysis facilities; establishing a state-based risk adjustment system assessment; amending Minnesota Statutes 2012, sections 144.051, by adding subdivisions; 144.212; 144.213; 144.215, subdivisions 3, 4; 144.216, subdivision 1; 144.217, subdivision 2; 144.218, subdivision 5; 144.225; 144.226; 243.166, subdivision 7; 245A.11, subdivision 7b; 245C.04, by adding a subdivision; 245C.08, subdivision 1; 245D.05; 245D.06; 245D.10; 257.75, subdivision 7; 260C.635, subdivision 1; 517.001; 626.557, subdivisions 4, 9, 9e; proposing coding for new law in Minnesota Statutes, chapters 144; 144A; 149A; 245D; 256B.

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

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 663, 1168, 489, 840 and 843.

JOANNE M. ZOFF, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 663, A bill for an act relating to state government; making changes to resource recovery provisions; amending Minnesota Statutes 2012, section 115A.15, subdivisions 2, 9, 10.

The bill was read for the first time.

Johnson, C., moved that S. F. No. 663 and H. F. No. 855, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1168, A bill for an act relating to public safety; creating new crimes relating to 911 emergency calls; providing criminal penalties; amending Minnesota Statutes 2012, section 609.78.

The bill was read for the first time.

Simon moved that S. F. No. 1168 and H. F. No. 1043, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 489, A bill for an act relating to retirement; Minnesota State Retirement System, Public Employees Retirement Association, and former local police and paid firefighter relief associations; authorizing investments in swaps; clarifying language; removing obsolete language; revising outdated requirements; revising contribution rate revision procedures; revising disability standards and disability benefit administration procedures; merging the elected state officers retirement plan into the legislators retirement plan; revising pension commission standards provision; revising pension plan financial report contents provision; clarifying coverage of student employees and extending duration of excluded work-study positions; revising military service credit purchase provision for consistency with federal code; clarifying average salary for benefit purposes; clarifying MERF division benefit eligibility; adding Lake County Sunrise Home to privatization chapter; removing legislative approval requirements for privatizations; modifying legislative notification requirements for privatizations; clarifying privatized public hospital pension benefit eligibility; making various administrative changes; eliminating the PERA Social Security leveling optional annuity; revising and repealing various statutes to reflect the recent mergers of local police and salaried firefighter relief associations and consolidation accounts with the public employees police and fire retirement plan; streamlining amortization state aid programs; extending the deadline for participation in the voluntary statewide lump-sum volunteer firefighter retirement plan; requiring municipal approval for deferred service pension interest rate changes by volunteer firefighter relief association boards of trustees; authorizing a resumption of the payment of a death benefit to estates of certain White Bear Lake volunteer firefighter relief association retirees; including Minnesota Association of Professional Employees in MSRS-General plan coverage; authorizing the termination of nonspousal survival designations in optional annuity form elections in certain instances; authorizing certain service credit purchases; providing instructions to the revisor of statutes; amending Minnesota Statutes 2012, sections 3.85, subdivision 10; 3A.011; 3A.03, subdivision 3; 3A.07; 3A.115; 3A.13; 3A.15; 6.495, subdivisions 1, 3; 6.67; 11A.24, subdivision 1; 13D.01, subdivision 1; 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.77, subdivisions 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771, subdivision 1; 69.774, subdivision 1; 69.80; 275.70, subdivision 5; 297I.10, subdivision 1; 345.381; 352.01, subdivisions 2a, 17b; 352.029, subdivisions 1, 2a, 2b, 3, 5; 352.03, subdivisions 4, 8; 352.045, by adding subdivisions; 352.113, subdivisions 4, 6, 8, by adding subdivisions; 352.115, subdivision 3; 352.22, subdivision 3; 352.87, subdivision 3; 352.93, subdivision 2; 352.95, subdivision 1; 352.955, subdivisions 1, 3; 352B.011, subdivision 13; 352B.08, subdivision 2; 352B.10, subdivision 1, by adding a subdivision; 352D.04, subdivision 2; 353.01, subdivisions 2a, 2b, 6, 10, 16, 17a, 29; 353.03, subdivision 3; 353.27, subdivision 7; 353.29, subdivision 3; 353.34, subdivisions 1, 2; 353.50, subdivisions

3, 6; 353.64, subdivision 1a; 353.651, subdivision 3; 353.656, subdivisions 1, 1a, 3a; 353.657, subdivisions 2, 2a, 3; 353.659; 353.665, subdivisions 1, 5, 8; 353.71, subdivision 1; 353E.04, subdivision 3; 353E.06, subdivision 1; 353F.02, subdivisions 3, 4, 6, by adding a subdivision; 353F.025, subdivisions 1, 2; 353F.03; 353F.04; 353F.05; 353F.051, subdivision 1; 353F.052; 353F.06; 353F.07; 353F.08; 353G.05, subdivision 2; 354.07, subdivision 1; 354.44, subdivision 6; 354A.021, subdivision 2; 354A.31, subdivisions 4, 4a; 356.20, subdivisions 2, 4; 356.214, subdivision 1; 356.215, subdivisions 1, 8, 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.30, subdivisions 1, 3; 356.315, subdivision 9; 356.401, subdivision 3; 356.406, subdivision 1; 356.415, subdivisions 1, 1a, 1b, 2; 356.48, subdivision 1; 356.635, subdivision 1; 356A.01, subdivision 19; 356A.06, subdivision 4; 356A.07, subdivision 2; 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4, by adding a subdivision; 424A.01, subdivision 6; 424A.015, subdivisions 1, 4; 424A.016, subdivision 6; 424A.02, subdivisions 7, 9; 424A.10, subdivisions 1, 2; 475.52, subdivision 6; 490.121, subdivision 22; 490.124, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3A; 6; 353F; 356; repealing Minnesota Statutes 2012, sections 3A.02, subdivision 3; 69.021, subdivision 6; 69.77, subdivision 3; 352.955, subdivision 2; 352C.001; 352C.091, subdivision 1; 352C.10; 353.29, subdivision 6; 353.64, subdivision 3; 353.665, subdivisions 2, 3, 4, 6, 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; 353B.14; 353F.02, subdivisions 4, 5; 353F.025, subdivision 3; 356.315, subdivisions 1, 1a, 2, 2a, 2b, 3, 4, 5, 5a, 6, 7, 8; 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18; 423A.19; 423A.20; 423A.21; 423A.22; 424A.10, subdivision 5.

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

S. F. No. 840, A bill for an act relating to employment; modifying use of personal sick leave benefits; amending Minnesota Statutes 2012, section 181.9413.

The bill was read for the first time.

Hansen moved that S. F. No. 840 and H. F. No. 568, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 843, A bill for an act relating to local government; authorizing publication of advertisements for competitive bids in a recognized industry trade journal; amending Minnesota Statutes 2012, sections 331A.01, by adding a subdivision; 429.041, subdivision 1.

The bill was read for the first time.

Nelson moved that S. F. No. 843 and H. F. No. 1196, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

CALENDAR FOR THE DAY

H. F. No. 729 was reported to the House.

Mahoney moved to amend H. F. No. 729, the second engrossment, as follows:

Page 102, delete section 36 and insert:

"Sec. 36. **ST. PAUL RIVERCENTRE ARENA.**

Notwithstanding Laws 1998, chapter 404, section 23, subdivision 6, as amended by Laws 2002, chapter 220, article 10, section 35, the city of St. Paul is required to make repayments of $1,500,000 in fiscal year 2014 and $2,500,000 in fiscal year 2015."

Mahoney moved to amend his amendment to H. F. No. 729, the second engrossment, as follows:

Page 1, line 2, delete everything after "36"

Page 1, delete lines 3 to 6

The motion prevailed and the amendment to the amendment was adopted.

Winkler moved to amend the Mahoney amendment, as amended, to H. F. No. 729, the second engrossment, as follows:

Page 1, after line 1, insert:

"Page 5, line 29, delete "$5,580,000" and insert "$9,580,000"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment, as amended, and the roll was called. There were 132 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abeler	Cornish	FitzSimmons	Hortman	Lien	Mullery
Albright	Daudt	Franson	Howe	Lillie	Murphy, E.
Allen	Davids	Freiberg	Huntley	Loeffler	Murphy, M.
Anderson, M.	Davnie	Fritz	Isaacson	Lohmer	Myhra
Anderson, P.	Dean, M.	Garofalo	Johnson, B.	Loon	Nelson
Anderson, S.	Dehn, R.	Green	Johnson, C.	Mack	Newberger
Anzelc	Dettmer	Gruenhagen	Johnson, S.	Mahoney	Newton
Atkins	Dill	Gunther	Kahn	Mariani	Nornes
Barrett	Dorholt	Halverson	Kelly	Marquart	Norton
Beard	Drazkowski	Hamilton	Kieffer	Masin	O'Driscoll
Benson, J.	Erhardt	Hansen	Kiel	McDonald	O'Neill
Benson, M.	Erickson, R.	Hausman	Kresha	McNamar	Paymar
Bernardy	Erickson, S.	Hertaus	Laine	McNamara	Pelowski
Bly	Fabian	Hilstrom	Leidiger	Melin	Peppin
Brynaert	Falk	Holberg	Lenczewski	Metsa	Persell
Carlson	Faust	Hoppe	Lesch	Moran	Petersburg
Clark	Fischer	Hornstein	Liebling	Morgan	Poppe

Pugh	Savick	Simonson	Uglem	Winkler
Quam	Sawatzky	Slocum	Urdahl	Woodard
Radinovich	Schoen	Sundin	Wagenius	Yarusso
Rosenthal	Schomacker	Swedzinski	Ward, J.A.	Zellers
Runbeck	Selcer	Theis	Ward, J.E.	Zerwas
Sanders	Simon	Torkelson	Wills	Spk. Thissen

Those who voted in the negative were:

Hackbarth	Scott

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

The question recurred on the Mahoney amendment, as amended, to H. F. No. 729, the second engrossment. The motion prevailed and the amendment, as amended, was adopted.

Kahn was excused between the hours of 3:50 p.m. and 4:35 p.m.

Atkins moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 76, line 22, after the period, insert "This clause does not apply to professional athletes who are locked out by a professional sports team."

The motion prevailed and the amendment was adopted.

Drazkowski moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 76, line 22, after the period, insert:

"This clause does not apply to individuals whose total compensation was in excess of $150,000 in the previous year."

A roll call was requested and properly seconded.

The question was taken on the Drazkowski amendment and the roll was called. There were 87 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Abeler	Daudt	Fischer	Hamilton	Kresha	McNamar
Albright	Davids	FitzSimmons	Hertaus	Leidiger	McNamara
Anderson, M.	Davnie	Franson	Holberg	Lenczewski	Moran
Anderson, P.	Dean, M.	Garofalo	Hoppe	Liebling	Morgan
Anderson, S.	Dettmer	Green	Howe	Lohmer	Mullery
Barrett	Drazkowski	Gruenhagen	Johnson, B.	Loon	Myhra
Beard	Erickson, S.	Gunther	Kelly	Mack	Newberger
Benson, M.	Fabian	Hackbarth	Kieffer	Masin	Newton
Carlson	Faust	Halverson	Kiel	McDonald	Nornes

Norton	Petersburg	Runbeck	Scott	Urdahl	Zellers
O'Driscoll	Poppe	Sanders	Selcer	Ward, J.A.	Zerwas
O'Neill	Pugh	Savick	Swedzinski	Ward, J.E.	Spk. Thissen
Pelowski	Quam	Sawatzky	Theis	Wills	
Peppin	Radinovich	Schoen	Torkelson	Woodard	
Persell	Rosenthal	Schomacker	Uglem	Yarusso	

Those who voted in the negative were:

Allen	Cornish	Fritz	Johnson, C.	Mariani	Simonson
Anzelc	Dehn, R.	Hansen	Johnson, S.	Marquart	Slocum
Atkins	Dill	Hausman	Laine	Melin	Sundin
Benson, J.	Dorholt	Hilstrom	Lesch	Metsa	Wagenius
Bernardy	Erhardt	Hornstein	Lien	Murphy, E.	Winkler
Bly	Erickson, R.	Hortman	Lillie	Murphy, M.	
Brynaert	Falk	Huntley	Loeffler	Nelson	
Clark	Freiberg	Isaacson	Mahoney	Simon	

The motion prevailed and the amendment was adopted.

Drazkowski moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 76, line 22, after the period, insert:

"This clause does not apply to individuals who were members of a bargaining unit that rejected a contract offer under which the total average annual salary and benefits in the proposed contract was estimated to exceed the total average annual salary and benefits in the last year of the previous contract."

A roll call was requested and properly seconded.

The question was taken on the Drazkowski amendment and the roll was called. There were 58 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean, M.	Gunther	Kresha	O'Driscoll	Swedzinski
Albright	Dettmer	Hackbarth	Leidiger	O'Neill	Theis
Anderson, M.	Drazkowski	Hamilton	Lohmer	Peppin	Torkelson
Anderson, P.	Erickson, S.	Hertaus	Loon	Petersburg	Uglem
Anderson, S.	Fabian	Hoppe	Mack	Pugh	Wills
Barrett	FitzSimmons	Howe	McDonald	Quam	Woodard
Beard	Franson	Johnson, B.	McNamara	Runbeck	Zellers
Benson, M.	Garofalo	Kelly	Myhra	Sanders	Zerwas
Daudt	Green	Kieffer	Newberger	Schomacker	
Davids	Gruenhagen	Kiel	Nornes	Scott	

Those who voted in the negative were:

Allen	Benson, J.	Brynaert	Cornish	Dill	Erickson, R.
Anzelc	Bernardy	Carlson	Davnie	Dorholt	Falk
Atkins	Bly	Clark	Dehn, R.	Erhardt	Faust

Fischer	Huntley	Loeffler	Mullery	Radinovich	Urdahl
Freiberg	Isaacson	Mahoney	Murphy, E.	Rosenthal	Wagenius
Fritz	Johnson, C.	Mariani	Murphy, M.	Savick	Ward, J.A.
Halverson	Johnson, S.	Marquart	Nelson	Sawatzky	Ward, J.E.
Hansen	Laine	Masin	Newton	Schoen	Winkler
Hausman	Lenczewski	McNamar	Norton	Selcer	Yarusso
Hilstrom	Lesch	Melin	Paymar	Simon	Spk. Thissen
Holberg	Liebling	Metsa	Pelowski	Simonson	
Hornstein	Lien	Moran	Persell	Slocum	
Hortman	Lillie	Morgan	Poppe	Sundin	

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

Albright moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 8, after line 20, insert:

"(g) (1) $330,000 each year is from the general fund for a pilot project to support robotics automated systems internships for high school students.

(2) The pilot project must match high school students with paid internships within robotics automation system and high precision manufacturing at small, for-profit companies located in the seven-county metropolitan area, with fewer than 150 total employees, or at small or medium, for-profit companies located outside of the seven-county metropolitan area, with fewer than 250 total employees. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern and the cost of housing for the intern if housing is provided by the employer, capped at $3,000 per intern. This is a onetime appropriation and is available until expended.

(3) No more than 40 percent of the internships under paragraph (2) may be awarded to students in a single county. Internships may occur during the academic year or during a continuous period of six weeks during the summer. Student applications must be accompanied by a recommendation from a teacher."

Page 102, delete section 36

Correct the section totals and the appropriation summary

Correct the subdivision and section totals and the appropriations by fund

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Albright amendment and the roll was called. There were 60 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean, M.	Gunther	Kiel	Nornes	Scott
Albright	Dettmer	Hackbarth	Kresha	O'Driscoll	Swedzinski
Anderson, M.	Drazkowski	Hamilton	Leidiger	O'Neill	Theis
Anderson, P.	Erickson, S.	Hertaus	Lohmer	Peppin	Torkelson
Anderson, S.	Fabian	Holberg	Loon	Petersburg	Uglem
Barrett	FitzSimmons	Hoppe	Mack	Pugh	Urdahl
Beard	Franson	Howe	McDonald	Quam	Wills
Benson, M.	Garofalo	Johnson, B.	McNamara	Runbeck	Woodard
Daudt	Green	Kelly	Myhra	Sanders	Zellers
Davids	Gruenhagen	Kieffer	Newberger	Schomacker	Zerwas

Those who voted in the negative were:

Allen	Dorholt	Hortman	Mahoney	Newton	Simonson
Anzelc	Erhardt	Huntley	Mariani	Norton	Slocum
Atkins	Erickson, R.	Isaacson	Marquart	Paymar	Sundin
Benson, J.	Falk	Johnson, C.	Masin	Pelowski	Wagenius
Bernardy	Faust	Johnson, S.	McNamar	Persell	Ward, J.A.
Bly	Fischer	Kahn	Melin	Poppe	Ward, J.E.
Brynaert	Freiberg	Laine	Metsa	Radinovich	Winkler
Carlson	Fritz	Lenczewski	Moran	Rosenthal	Yarusso
Clark	Halverson	Lesch	Morgan	Savick	Spk. Thissen
Cornish	Hansen	Liebling	Mullery	Sawatzky	
Davnie	Hausman	Lien	Murphy, E.	Schoen	
Dehn, R.	Hilstrom	Lillie	Murphy, M.	Selcer	
Dill	Hornstein	Loeffler	Nelson	Simon	

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

Zellers moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 2, delete article 1 and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. **JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	2014	**2015**	**Total**
General	$77,899,000	$75,301,000	$153,200,000
Workforce Development	17,476,000	17,476,000	34,952,000
Remediation	700,000	700,000	1,400,000
Workers' Compensation	22,784,000	22,574,000	45,358,000
Total	**$118,859,000**	**$116,051,000**	**$234,910,000**

Sec. 2. **JOBS AND ECONOMIC DEVELOPMENT.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

	APPROPRIATIONS Available for the Year Ending June 30	
	2014	**2015**
Sec. 3. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$87,788,000**	**$86,255,000**

Appropriations by Fund

	2014	2015
General	70,641,000	69,108,000
Remediation	700,000	700,000
Workforce Development	16,447,000	16,447,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Business and Community Development**	36,590,000	35,610,000

Appropriations by Fund

General	35,890,000	34,910,000
Remediation	700,000	700,000

(a)(1) $10,000,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. This appropriation is available until spent. The base funding for this appropriation is $13,750,000 each year in the fiscal year 2016-2017 biennium.

(2) Of the amount available under clause (1), up to $3,000,000 in fiscal year 2014 is for a loan to facilitate initial investment in the purchase and operation of a biopharmaceutical manufacturing facility. This loan is not subject to the loan limitations under Minnesota Statutes, section 116J.8731, and shall be forgiven by the

commissioner of employment and economic development upon verification of meeting performance goals. Purchases related to and for the purposes of this loan award must be made between January 1, 2013, and June 30, 2015. The amount under this clause is available until expended.

(3) Of the amount available under clause (1), up to $2,000,000 is available for subsequent investment in the biopharmaceutical facility project in clause (2). The amount under this clause is available until expended. Loan thresholds under clause (2) must be achieved and maintained to receive funding. Loans are not subject to the loan limitations under Minnesota Statutes, section 116J.8731, and shall be forgiven by the commissioner of employment and economic development upon verification of meeting performance goals. Purchases related to and for the purposes of loan awards must be made during the biennium the loan was received.

(4) Notwithstanding any law to the contrary, the biopharmaceutical manufacturing facility in this paragraph shall be deemed eligible for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748.

(5) For purposes of clauses (1) to (4), "biopharmaceutical" and "biologics" are interchangeable and mean medical drugs or medicinal preparations produced using technology that uses biological systems, living organisms, or derivatives of living organisms, to make or modify products or processes for specific use. The medical drugs or medicinal preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

(b) $6,000,000 the first year and $12,500,000 the second year are for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until spent.

(c) $1,272,000 the first year and $1,272,000 the second year are from the general fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558.

(d) $700,000 the first year and $700,000 the second year are from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(e) $1,425,000 the first year and $1,425,000 the second year are from the general fund for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) $5,320,000 each year is from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent. The general fund base for this program is $4,195,000 each year in the fiscal year 2016-2017 biennium.

(g) $5,580,000 the first year is from the general fund for grants under Minnesota Statutes, section 116J.571, for the redevelopment program. This is a onetime appropriation and is available until spent.

(h) $1,900,000 the first year is from the general fund for a onetime grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until expended.

(i) $375,000 each year is from the general fund for a grant to Enterprise Minnesota, Inc., for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(j) $200,000 each year is from the general fund for a grant to develop and implement a southern and southwestern Minnesota initiative foundation collaborative pilot project. Funds available under this paragraph must be used to support and develop entrepreneurs in diverse populations in southern and southwestern Minnesota. This is a onetime appropriation and is available until expended.

(k) $100,000 each year is from the general fund for the Center for Rural Policy and Development. This is a onetime appropriation.

Subd. 3. **Workforce Development** 14,726,000 14,108,000

Appropriations by Fund

General	5,134,000	4,516,000
Workforce Development	9,592,000	9,592,000

(a) $1,039,000 each year from the general fund and $2,244,000 each year from the workforce development fund are for the adult workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the adult workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(b) $3,500,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(c) $1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(d) $570,000 each year is from the general fund and $2,848,000 each year is from the workforce development fund for the youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(e) $2,500,000 each year is from the general fund for a grant to the Minnesota FastTRAC program. Up to ten percent of this appropriation may be used to provide leadership, oversight, and technical assistance services. The base funding for this program shall be $2,225,000 each year in the fiscal year 2016-2017 biennium.

(f) $507,000 the first year and $407,000 the second year are from the general fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college and university students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in the seven-county metropolitan area, with fewer than 150 total employees, or at small or medium, for-profit companies located outside of the seven-county metropolitan area, with fewer than 250 total employees. At least 125 students must be matched in the first year and at least 175 students must be matched in the second year. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at $2,500 per intern. Of this appropriation, at least 50 percent of the student interns must be women or other underserved populations. This is a onetime appropriation and is available until expended.

(g) $450,000 the first year is from the general fund for the foreign-trained health care professionals grant program modeled after the pilot program conducted under Laws 2006, chapter 282, article 11, section 2, subdivision 12, to encourage state licensure of foreign-trained health care professionals, including: physicians, with preference given to primary care physicians who commit to practicing for at least five years after licensure in underserved areas of the state; nurses; dentists; pharmacists; mental health professionals; and other allied health care professionals. The commissioner must collaborate with health-related licensing boards and Minnesota workforce centers to award grants to foreign-trained health care professionals sufficient to cover the actual costs of taking a course to prepare health care professionals for required licensing examinations and the fee for the state licensing examinations. When awarding grants, the commissioner must consider the following factors:

(1) whether the recipient's training involves a medical specialty that is in high demand in one or more communities in the state;

(2) whether the recipient commits to practicing in a designated rural area or an underserved urban community, as defined in Minnesota Statutes, section 144.1501;

(3) whether the recipient's language skills provide an opportunity for needed health care access for underserved Minnesotans; and

(4) any additional criteria established by the commissioner. This is a onetime appropriation and is available until expended.

(h) $68,000 the first year from the general fund is for a grant to Olmsted County for employment supports and independent living services to county residents diagnosed with high-functioning autism, Asperger's syndrome, nonverbal learning disorders, and pervasive development disorder, not otherwise specified, and for education, outreach, and support services to area employers to encourage the hiring and promotion of workers with high-functioning autism, Asperger's syndrome, nonverbal learning disorders, and pervasive development disorder, not otherwise specified. This is a onetime appropriation and is available until expended.

Subd. 4. **General Support Services** 1,509,000 1,604,000

(a) $150,000 each year is from the general fund for the cost-of-living study required under Minnesota Statutes, section 116J.013.

(b) $250,000 each year is from the general fund for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.4011.

Subd. 5. **Minnesota Trade Office** 2,322,000 2,292,000

(a) $300,000 in fiscal year 2014 and $300,000 in fiscal year 2015 are for the STEP grants in Minnesota Statutes, section 116J.979.

(b) $180,000 in fiscal year 2014 and $180,000 in fiscal year 2015 are for the Invest Minnesota marketing initiative in Minnesota Statutes, section 116J.9801. Notwithstanding any other law, this provision does not expire.

(c) $270,000 each year is from the general fund for the expansion of Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

(d) $50,000 each year is from the general fund for the trade policy advisory group under Minnesota Statutes, section 116J.9661.

(e) The commissioner of employment and economic development, in consultation with the commissioner of agriculture, shall identify and increase export opportunities for Minnesota agricultural products.

Subd. 6. **Vocational Rehabilitation** 26,716,000 26,716,000

Appropriations by Fund

General	19,861,000	19,861,000
Workforce Development	6,855,000	6,855,000

(a) $10,800,000 each year is from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) $2,261,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) $5,245,000 each year from the general fund and $6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(d) $1,555,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(e) $25,000 each year is from the workforce development fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. At least 50 percent of the funding must be used for projects that use the evidence-based practice of individual placement and supports. Grants may be used for special projects for young people with mental illness transitioning from school to work or experiencing a first psychotic episode.

Subd. 7. **Services for the Blind** 5,925,000 5,925,000

Subd. 8. **Competitive grant limitations.**

An organization that receives a direct appropriation under this section is not eligible to participate in competitive grant programs under this section during the fiscal years in which the direct appropriations are received.

Sec. 4. **DEPARTMENT OF LABOR AND INDUSTRY**

Subdivision 1. **Total Appropriation** **$23,859,000** **$22,948,000**

Appropriations by Fund

	2014	2015
General	1,959,000	1,048,000
Workers' Compensation	20,871,000	20,871,000
Workforce Development	1,029,000	1,029,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Workers' Compensation** 10,678,000 10,678,000

This appropriation is from the workers' compensation fund.

$200,000 each year is for grants to the Vinland Center for rehabilitation services. Grants shall be distributed as the department refers injured workers to the Vinland Center for rehabilitation services.

Subd. 3. **Labor Standards and Apprenticeship** 2,988,000 2,077,000

Appropriations by Fund

General	1,959,000	1,048,000
Workforce Development	1,029,000	1,029,000

(a) $816,000 each year is from the general fund for the labor standards and apprenticeship program.

(b) $150,000 each year is from the general fund for a child labor initiative for expanding education and outreach to high schools and targeted industries to ensure minors entering the workforce are safe.

(c) $879,000 each year is appropriated from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178, and includes $100,000 for labor education and advancement program grants and to expand and promote registered apprenticeship training in nonconstruction trade programs.

(d) $150,000 each year is appropriated from the workforce development fund for prevailing wage enforcement.

(e) $70,000 in the second year is from the general fund for implementing and administering a minimum wage inflation adjustment. This appropriation is available only if a law is enacted in 2013 that includes an automatic inflation adjustment to the state minimum wage. The availability of this appropriation is effective in the same fiscal year that the inflation adjustment is first effective.

(f) $987,000 in fiscal year 2014 is appropriated from the general fund to the commissioner of labor and industry for the purposes of the job-based education and apprenticeship program (JEAP) for manufacturing industries under article 2. This appropriation is available until spent. Of this appropriation:

(1) $330,000 is for the commissioner of labor and industry to implement JEAP; and

(2) $657,000 is for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for grants to administer the JEAP related instruction component, to be dispersed as follows:

(i) $187,000 is for Alexandria Technical and Community College's Customized Training Center;

(ii) $380,000 is for Century College;

(iii) $45,000 is for Hennepin Technical College; and

(iv) $45,000 is for Central Lakes College.

Subd. 4. **Workplace Safety**	4,154,000	4,154,000

This appropriation is from the workers' compensation fund.

Subd. 5. **General Support**	6,039,000	6,039,000

This appropriation is from the workers' compensation fund.

Sec. 5. **BUREAU OF MEDIATION SERVICES**	**$2,140,000**	**$2,056,000**

(a) $68,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(b) $100,000 in fiscal year 2014 is appropriated from the general fund to the Bureau of Mediation Services for transfer to the Office of Enterprise Technology to develop a new business management system for case and document management. This is a onetime appropriation and is available for spending until June 30, 2015. Any ongoing information technology support or costs for this application will be incorporated into the service level agreement and will be paid to the Office of Enterprise Technology by the Bureau of Mediation Services under the rates and mechanism specified in that agreement.

(c) $256,000 each year is from the general fund for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. Of this amount, $160,000 each year is for grants under Minnesota Statutes, section 179.91, and $96,000 each year is for intergovernmental and public policy collaboration and operation of the office.

(d) The bureau's general fund base is $2,085,000 in fiscal year 2016 and $2,089,000 in fiscal year 2017.

Sec. 6. **BOARD OF ACCOUNTANCY**	**$708,000**	**$624,000**
Sec. 7. **BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN**	**$778,000**	**$783,000**
Sec. 8. **BOARD OF COSMETOLOGIST EXAMINERS**	**$1,354,000**	**$1,361,000**
Sec. 9. **BOARD OF BARBER EXAMINERS**	**$319,000**	**$321,000**
Sec. 10. **WORKERS' COMPENSATION COURT OF APPEALS**	**$1,913,000**	**$1,703,000**

This appropriation is from the workers' compensation fund.

Of this appropriation, $210,000 in the first year is onetime and is available for spending until June 30, 2015. $110,000 in fiscal year 2014 is for a onetime transfer to the Office of Enterprise Technology to develop a paperless case management system and to ensure that services and hardware are accessible and compatible with systems with which the Workers' Compensation Court of Appeals must interact. Any ongoing information technology support or costs for this application will be incorporated into the service level agreement and will be paid to the Office of Enterprise Technology by the Workers' Compensation Court of Appeals under the rates and mechanism specified in that agreement.

Sec. 11. **CANCELLATION.**

Of the appropriation to the commissioner of the department of employment and economic development for the Minnesota Investment Fund in Laws 2012, First Special Session chapter 1, article 1, section 5, $7,000,000 is canceled to the general fund."

Page 16, delete article 2 and insert:

"ARTICLE 2
LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2012, section 116J.70, subdivision 2a, is amended to read:

Subd. 2a. **License; exceptions.** "Business license" or "license" does not include the following:

(1) any occupational license or registration issued by a licensing board listed in section 214.01 or any occupational registration issued by the commissioner of health pursuant to section 214.13;

(2) any license issued by a county, home rule charter city, statutory city, township, or other political subdivision;

(3) any license required to practice the following occupation regulated by the following sections:

(i) abstracters regulated pursuant to chapter 386;

(ii) accountants regulated pursuant to chapter 326A;

(iii) adjusters regulated pursuant to chapter 72B;

(iv) architects regulated pursuant to chapter 326;

(v) assessors regulated pursuant to chapter 270;

(vi) athletic trainers regulated pursuant to chapter 148;

(vii) attorneys regulated pursuant to chapter 481;

(viii) auctioneers regulated pursuant to chapter 330;

(ix) barbers and cosmetologists regulated pursuant to chapter 154;

(x) boiler operators regulated pursuant to chapter ~~183~~ 326B;

(xi) chiropractors regulated pursuant to chapter 148;

(xii) collection agencies regulated pursuant to chapter 332;

(xiii) dentists, registered dental assistants, and dental hygienists regulated pursuant to chapter 150A;

(xiv) detectives regulated pursuant to chapter 326;

(xv) electricians regulated pursuant to chapter ~~326~~ 326B;

(xvi) mortuary science practitioners regulated pursuant to chapter 149A;

(xvii) engineers regulated pursuant to chapter 326;

(xviii) insurance brokers and salespersons regulated pursuant to chapter 60A;

(xix) certified interior designers regulated pursuant to chapter 326;

(xx) midwives regulated pursuant to chapter 147D;

(xxi) nursing home administrators regulated pursuant to chapter 144A;

(xxii) optometrists regulated pursuant to chapter 148;

(xxiii) osteopathic physicians regulated pursuant to chapter 147;

(xxiv) pharmacists regulated pursuant to chapter 151;

(xxv) physical therapists regulated pursuant to chapter 148;

(xxvi) physician assistants regulated pursuant to chapter 147A;

(xxvii) physicians and surgeons regulated pursuant to chapter 147;

(xxviii) plumbers regulated pursuant to chapter ~~326~~ 326B;

(xxix) podiatrists regulated pursuant to chapter 153;

(xxx) practical nurses regulated pursuant to chapter 148;

(xxxi) professional fund-raisers regulated pursuant to chapter 309;

(xxxii) psychologists regulated pursuant to chapter 148;

(xxxiii) real estate brokers, salespersons, and others regulated pursuant to chapters 82 and 83;

(xxxiv) registered nurses regulated pursuant to chapter 148;

(xxxv) securities brokers, dealers, agents, and investment advisers regulated pursuant to chapter 80A;

(xxxvi) steamfitters regulated pursuant to chapter ~~326~~ 326B;

(xxxvii) teachers and supervisory and support personnel regulated pursuant to chapter 125;

(xxxviii) veterinarians regulated pursuant to chapter 156;

(xxxix) water conditioning contractors and installers regulated pursuant to chapter ~~326~~ 326B;

(xl) water well contractors regulated pursuant to chapter 103I;

(xli) water and waste treatment operators regulated pursuant to chapter 115;

(xlii) motor carriers regulated pursuant to chapter 221;

(xliii) professional firms regulated under chapter 319B;

(xliv) real estate appraisers regulated pursuant to chapter 82B;

(xlv) residential building contractors, residential remodelers, residential roofers, manufactured home installers, and specialty contractors regulated pursuant to chapter ~~326~~ 326B;

(xlvi) licensed professional counselors regulated pursuant to chapter 148B;

(4) any driver's license required pursuant to chapter 171;

(5) any aircraft license required pursuant to chapter 360;

(6) any watercraft license required pursuant to chapter 86B;

(7) any license, permit, registration, certification, or other approval pertaining to a regulatory or management program related to the protection, conservation, or use of or interference with the resources of land, air, or water, which is required to be obtained from a state agency or instrumentality; and

(8) any pollution control rule or standard established by the Pollution Control Agency or any health rule or standard established by the commissioner of health or any licensing rule or standard established by the commissioner of human services.

Sec. 2. Minnesota Statutes 2012, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.12, 181.13, 181.14, 181.145, 181.15, 181.275, subdivision 2a, 181.722, and 181.79, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner.

Sec. 3. Minnesota Statutes 2012, section 326.02, subdivision 5, is amended to read:

Subd. 5. **Limitation.** The provisions of sections 326.02 to 326.15 shall not apply to the preparation of plans and specifications for the erection, enlargement, or alteration of any building or other structure by any person, for that person's exclusive occupancy or use, unless such occupancy or use involves the public health or safety or the health or safety of the employees of said person, or of the buildings listed in section 326.03, subdivision 2, nor to any detailed or shop plans required to be furnished by a contractor to a registered engineer, landscape architect, architect, or certified interior designer, nor to any standardized manufactured product, nor to any construction superintendent supervising the execution of work designed by an architect, landscape architect, engineer, or certified interior designer licensed or certified in accordance with section 326.03, nor to the planning for and supervision of the construction and installation of work by an electrical or elevator contractor or master plumber as defined in and licensed pursuant to chapter 326B, where such work is within the scope of such licensed activity and not within the practice of professional engineering, or architecture, or where the person does not claim to be a certified interior designer as defined in subdivision 2, 3, or 4b.

Sec. 4. Minnesota Statutes 2012, section 326B.081, subdivision 3, is amended to read:

Subd. 3. **Applicable law.** "Applicable law" means the provisions of sections 181.723, 325E.66, 327.31 to 327.36, ~~and~~ this chapter, and chapter 341, and all rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, certificates, and permits adopted, issued, or enforced by the department under sections 181.723, 325E.66, 327.31 to 327.36, ~~or~~ this chapter, or chapter 341.

Sec. 5. Minnesota Statutes 2012, section 326B.082, subdivision 11, is amended to read:

Subd. 11. **Licensing orders; grounds; reapplication.** (a) The commissioner may deny an application for a permit, license, registration, or certificate if the applicant does not meet or fails to maintain the minimum qualifications for holding the permit, license, registration, or certificate, or has any unresolved violations or unpaid fees or monetary penalties related to the activity for which the permit, license, registration, or certificate has been applied for or was issued.

(b) The commissioner may deny, suspend, limit, place conditions on, or revoke a person's permit, license, registration, or certificate, or censure the person holding the permit, license, registration, or certificate, if the commissioner finds that the person:

(1) committed one or more violations of the applicable law;

(2) submitted false or misleading information to the state in connection with activities for which the permit, license, registration, or certificate was issued, or in connection with the application for the permit, license, registration, or certificate;

(3) allowed the alteration or use of the person's own permit, license, registration, or certificate by another person;

(4) within the previous five years, was convicted of a crime in connection with activities for which the permit, license, registration, or certificate was issued;

(5) violated: (i) a final administrative order issued under subdivision 7 ~~or~~, (ii) a final stop order issued under subdivision 10, ~~or~~ (iii) injunctive relief issued under subdivision 9, or (iv) a consent order or final order of the commissioner;

(6) failed to cooperate with a commissioner's request to give testimony, to produce documents, things, apparatus, devices, equipment, or materials, or to access property under subdivision 2;

(7) retaliated in any manner against any employee or person who is questioned by, cooperates with, or provides information to the commissioner or an employee or agent authorized by the commissioner who seeks access to property or things under subdivision 2;

(8) engaged in any fraudulent, deceptive, or dishonest act or practice; or

(9) performed work in connection with the permit, license, registration, or certificate or conducted the person's affairs in a manner that demonstrates incompetence, untrustworthiness, or financial irresponsibility.

(c) If the commissioner revokes or denies a person's permit, license, registration, or certificate under paragraph (b), the person is prohibited from reapplying for the same type of permit, license, registration, or certificate for at least two years after the effective date of the revocation or denial. The commissioner may, as a condition of reapplication, require the person to obtain a bond or comply with additional reasonable conditions the commissioner considers necessary to protect the public.

(d) If a permit, license, registration, or certificate expires, or is surrendered, withdrawn, or terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the permit, license, registration, or certificate was last effective and enter a revocation or suspension order as of the last date on which the permit, license, registration, or certificate was in effect.

Sec. 6. Minnesota Statutes 2012, section 326B.093, subdivision 4, is amended to read:

Subd. 4. **Examination results.** If the applicant receives a passing score on the examination and meets all other requirements for licensure, the commissioner must approve the application and notify the applicant of the approval within 60 days of the date of the passing score. The applicant must, within ~~90~~ 180 days after the notification of approval, pay the license fee. Upon receipt of the license fee, the commissioner must issue the license. If the applicant does not pay the license fee within ~~90~~ 180 days after the notification of approval, the commissioner will rescind the approval and must deny the application. If the applicant does not receive a passing score on the examination, the commissioner must deny the application. If the application is denied because of the applicant's failure to receive a passing score on the examination, then the applicant cannot submit a new application for the license until at least 30 days after the notification of denial.

Sec. 7. Minnesota Statutes 2012, section 326B.101, is amended to read:

326B.101 POLICY AND PURPOSE.

The State Building Code governs the construction, reconstruction, alteration, ~~and~~ repair, and use of buildings and other structures to which the code is applicable. The commissioner shall administer and amend a state code of building construction which will provide basic and uniform performance standards, establish reasonable safeguards for health, safety, welfare, comfort, and security of the residents of this state and provide for the use of modern methods, devices, materials, and techniques which will in part tend to lower construction costs. The construction of buildings should be permitted at the least possible cost consistent with recognized standards of health and safety.

Sec. 8. Minnesota Statutes 2012, section 326B.103, subdivision 11, is amended to read:

Subd. 11. **Public building.** "Public building" means a building and its grounds the cost of which is paid for by the state or a state agency regardless of its cost, and a school district building project or charter school building project the cost of which is $100,000 or more.

Sec. 9. Minnesota Statutes 2012, section 326B.121, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) The State Building Code is the standard that applies statewide for the construction, reconstruction, alteration, ~~and~~ repair, and use of buildings and other structures of the type governed by the code.

(b) The State Building Code supersedes the building code of any municipality.

(c) The State Building Code does not apply to agricultural buildings except:

(1) with respect to state inspections required or rulemaking authorized by sections 103F.141; 216C.19, subdivision 9; and 326B.36; and

(2) translucent panels or other skylights without raised curbs shall be supported to have equivalent load-bearing capacity as the surrounding roof.

Sec. 10. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 9. **Direct supervision.** "Direct supervision" means:

(1) an unlicensed individual is being directly supervised by an individual licensed to perform the elevator work being supervised during the entire time the unlicensed individual is performing elevator work;

(2) the licensed individual is physically present at the location where the unlicensed individual is performing elevator work and immediately available to the unlicensed individual at all times for assistance and direction;

(3) the licensed individual shall review the elevator work performed by the unlicensed individual before the elevator work is operated; and

(4) the licensed individual is able to and does determine that all elevator work performed by the unlicensed individual is performed in compliance with the elevator code.

Sec. 11. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 10. **Elevator contractor.** "Elevator contractor" means a licensed contractor whose responsible licensed individual is a master elevator constructor. An elevator contractor license does not itself qualify its holder to perform or supervise elevator work authorized by holding a personal license issued by the commissioner.

Sec. 12. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 11. **Limited elevator contractor.** "Limited elevator contractor" means a licensed contractor whose responsible licensed individual is a limited master elevator constructor. A limited elevator contractor or its employees may only install, test, or alter residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators.

Sec. 13. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 11a. **Limited elevator work.** "Limited elevator work" means the installing, maintaining, altering, repairing, testing, planning, or laying out of residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators as covered by Minnesota Rules, chapters 1307 and 1315. Limited elevator work also includes electrical wiring on the load side of the elevator equipment disconnect and the decommissioning of elevator equipment to enable safe removal.

Sec. 14. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 12. **Elevator work.** "Elevator work" means the installing, maintaining, altering, repairing, testing, planning, or laying out of elevator apparatus or equipment as covered by Minnesota Rules, chapters 1307 and 1315. Elevator work also includes the disconnection of electrical wiring on the load side of the elevator equipment disconnect and the decommissioning of elevator equipment to enable safe removal.

Sec. 15. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 13. **Master elevator constructor.** "Master elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to properly plan, lay out, supervise, and perform the installation, maintenance, altering, testing, wiring, and repair of apparatus and equipment for elevators, including electrical wiring on the load side of the elevator equipment disconnect and who is licensed as a master elevator constructor by the commissioner.

Sec. 16. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 14. **Limited master elevator constructor.** "Limited master elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to properly plan, lay out, supervise, and perform the testing, altering, installation, maintenance, and repair of wiring, apparatus, and equipment for residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators, including wiring on the load side of the elevator equipment disconnect and who is licensed as a limited master elevator constructor by the commissioner.

Sec. 17. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 14a. **Limited journeyman elevator constructor.** "Limited journeyman elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to install, maintain, alter, test, and repair apparatus and equipment for residential elevators, platform lifts, stairway chairlifts,

dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators, including electrical wiring on the load side of the elevator equipment disconnect and who is licensed as a limited journeyman elevator constructor by the commissioner.

Sec. 18. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 15. **Journeyman elevator constructor.** "Journeyman elevator constructor" means an individual having the necessary qualifications, training, experience, and technical knowledge to install, maintain, alter, test, and repair apparatus and equipment for elevators, including electrical wiring on the load side of the elevator equipment disconnect and who is licensed as a journeyman elevator constructor by the commissioner.

Sec. 19. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 16. **Registered unlicensed elevator constructor.** "Registered unlicensed elevator constructor" means an individual who has registered with the department but is not licensed by the commissioner to perform elevator work.

Sec. 20. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 17. **Residential dwelling.** "Residential dwelling" is a single dwelling unit that is contained in a one-family, two-family, or multifamily dwelling. A residential dwelling also includes outdoor space at a one-family dwelling.

Sec. 21. Minnesota Statutes 2012, section 326B.163, is amended by adding a subdivision to read:

Subd. 18. **Responsible licensed individual.** "Responsible licensed individual" means an individual licensed as a master elevator constructor or limited master elevator constructor who is identified as the responsible licensed individual on an elevator contractor license application.

Sec. 22. **[326B.164] LICENSES.**

Subdivision 1. **Master elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform or supervise elevator work, unless:

(1) the individual is licensed by the commissioner as a master elevator constructor; and

(2) the elevator work is for a licensed elevator contractor and the individual is an employee, partner, or officer of, or is the licensed contractor.

(b) An applicant for a master elevator constructor license shall:

(1) have at least one year of experience, acceptable to the commissioner, as a licensed journeyman elevator constructor; or

(2) have at least six years' experience, acceptable to the commissioner, in planning for, laying out, supervising, and installing apparatus, equipment, and wiring for elevators.

(c) Individuals licensed as master elevator constructors under section 326B.33, subdivision 11, as of December 31, 2013, shall not be required to pass an examination under this section but, effective January 1, 2014, shall be subject to the requirements of sections 326B.163 to 326B.191.

(d) Except for the initial license term, as a condition of license renewal, master elevator constructors must attain a minimum of 16 hours of continuing education credit approved by the commissioner every renewal period. Not less than 12 hours shall be based on the Minnesota Elevator Code or elevator technology, and not less than four hours shall be based on the National Electrical Code.

Subd. 2. **Limited master elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform or supervise elevator work on residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators, unless:

(1) the individual is licensed by the commissioner as a limited master elevator constructor; and

(2) the elevator work is for a limited elevator contractor and the individual is an employee, partner, or officer of, or is the licensed contractor.

(b) An applicant for a limited master elevator constructor license shall have at least three years of experience, acceptable to the commissioner, in installing apparatus, equipment, and wiring for elevators.

(c) Except for the initial license term, as a condition of license renewal, limited master elevator constructors must attain a minimum of eight hours of continuing education credit approved by the commissioner every renewal period. Not less than six hours shall be based on the Minnesota Elevator Code or elevator technology, and not less than two hours on the National Electrical Code.

Subd. 3. **Journeyman elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform and supervise elevator work except for planning or laying out of elevator work, unless:

(1) the individual is licensed by the commissioner as a journeyman elevator constructor; and

(2) the elevator work is for an elevator contractor, and the individual is an employee, partner, or officer of the licensed elevator contractor.

(b) An applicant for a journeyman elevator constructor license shall have completed a four-year elevator mechanics apprenticeship registered with the United States Department of Labor or worked at least 9,000 hours in five consecutive years for a licensed elevator contractor, acceptable to the commissioner, installing, maintaining, modernizing, testing, wiring, and repairing elevators.

(c) Individuals licensed as journeyman elevator constructors under section 326B.33, subdivision 8, as of December 31, 2013, shall not be required to pass an examination under this section but, effective January 1, 2014, shall be subject to the requirements of sections 326B.163 to 326B.191.

(d) As a condition of license renewal, journeyman elevator constructors must attain a minimum of 16 hours of continuing education credit approved by the commissioner every renewal period. Not less than 12 hours shall be based on the Minnesota Elevator Code or elevator technology, and not less than four hours shall be based on the National Electrical Code.

Subd. 3a. **Limited journeyman elevator constructor.** (a) Except as otherwise provided by law, no individual shall perform or supervise elevator work on residential elevators, platform lifts, stairway chairlifts, dumbwaiters, material lifts, limited use or limited application elevator equipment, conveyors, and special purpose personnel elevators, except for planning or laying out of elevator work, unless:

(1) the individual is licensed by the commissioner as a limited journeyman elevator constructor; and

(2) the elevator work is for a limited elevator contractor or an elevator contractor, and the individual is an employee, partner, or officer of the licensed limited elevator contractor or licensed elevator contractor.

(b) An applicant for a limited journeyman elevator constructor license shall have at least two years of experience, acceptable to the commissioner, in installing apparatus, equipment, and wiring for elevators.

(c) Except for the initial license term, as a condition of license renewal, limited journeyman elevator constructors must attain a minimum of eight hours of continuing education credit approved by the commissioner every renewal period. Not less than six hours shall be based on the Minnesota Elevator Code or elevator technology, and not less than two hours on the National Electrical Code.

Subd. 4. **Registered unlicensed elevator constructor.** (a) An unlicensed individual shall not perform elevator work, unless the individual has first registered with the department as an unlicensed elevator constructor. Except as allowed by subdivision 12, a registered unlicensed elevator constructor shall not perform elevator work unless the work is performed under the direct supervision of an individual actually licensed to perform such work. The licensed elevator constructor and the registered unlicensed elevator constructor must be employed by the same employer. Unlicensed individuals shall not supervise the performance of elevator work or make assignments of elevator work to unlicensed individuals. Licensed elevator constructors shall provide direct supervision for no more than two registered unlicensed elevator constructors.

(b) Notwithstanding any other provision of this section, no individual other than a master elevator constructor or limited master elevator constructor shall plan or lay out elevator wiring, apparatus, or equipment.

(c) Contractors employing registered unlicensed elevator constructors performing elevator work shall maintain records establishing compliance with this subdivision that shall identify all unlicensed individuals performing elevator work and shall permit the department to examine and copy all such records.

(d) When a licensed elevator constructor supervises the elevator work of an unlicensed individual, the licensed elevator constructor is responsible for ensuring that the elevator work complies with this section and the Minnesota Elevator Code.

(e) A registered unlicensed elevator constructor with a minimum of one year experience may perform the following maintenance tasks for elevator equipment without being provided with direct supervision: oiling, cleaning, greasing, painting, relamping, and replacing of escalator and moving walk comb teeth.

Subd. 5. **Registration of unlicensed individuals.** (a) Unlicensed individuals performing elevator work for a contractor shall register with the department in the manner prescribed by the commissioner. Experience credit for elevator work performed in Minnesota after January 1, 2009, by an applicant for a license identified in this section shall not be granted where the applicant has not registered with the department or is not licensed by the department.

(b) As a condition of renewal of registration, unlicensed individuals shall attain a minimum of two hours of continuing education credit, approved by the commissioner, every renewal period. The continuing education course shall be based on the Minnesota Elevator Code or elevator technology.

(c) Individuals registered under section 326B.33, subdivision 13, whose registration expires after July 31, 2013, shall be subject to the registration requirements of this subdivision and the requirements of sections 326B.163 to 326B.191.

Subd. 6. **Contractor's license required.** (a) No individual, other than an employee, partner, or officer of a licensed contractor, as defined by section 326B.163, subdivision 10, shall perform or offer to perform elevator work with or without compensation, unless the individual obtains a contractor's license. A contractor's license does not of itself qualify its holder to perform or supervise the elevator work authorized by holding any class of personal license.

(b) Companies licensed under section 326B.33, subdivision 14, as of July 31, 2013, shall not be required to comply with this subdivision.

Subd. 7. **Bond required.** As a condition of licensing, each contractor shall give and maintain bond to the state in the sum of $25,000, conditioned upon the faithful and lawful performance of all work contracted for or performed by the contractor within the state of Minnesota, and such bond shall be for the benefit of persons injured or suffering

financial loss by reason of failure of such performance. The bond shall be filed with the commissioner and shall be in lieu of all other license bonds to any other political subdivision. The bond shall be written by a corporate surety licensed to do business in the state of Minnesota.

Subd. 8. **Insurance required.** Each elevator contractor shall have and maintain in effect general liability insurance, which includes premises and operations insurance and products and completed operations insurance, with limits of at least $100,000 per occurrence, $300,000 aggregate limit for bodily injury, and property damage insurance with limits of at least $50,000, or a policy with a single limit for bodily injury and property damage of $300,000 per occurrence and $300,000 aggregate limits. The insurance shall be written by an insurer licensed to do business in the state of Minnesota, and each contractor shall maintain on file with the commissioner a certificate evidencing such insurance. In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Subd. 9. **Employment of responsible individual.** (a) Each elevator contractor must designate a responsible master elevator constructor or limited master elevator constructor who shall be the responsible individual for the performance of all elevator work in accordance with the requirements of sections 326B.163 to 326B.191, all rules adopted under these sections, and all orders issued under section 326B.082. The classes of work that a licensed contractor is authorized to perform shall be limited to the classes of work that the responsible individual is allowed to perform.

(b) When a contractor's license is held by an individual, sole proprietorship, partnership, limited liability company, or corporation, and the individual, proprietor, one of the partners, one of the members, or an officer of the corporation, respectively, is not the responsible master elevator constructor or limited master elevator constructor, all elevator permits shall be submitted by the responsible master elevator constructor or limited master elevator constructor. If the contractor is an individual or a sole proprietorship, the responsible master or limited master elevator constructor must be the individual, proprietor, or managing employee. If the contractor is a partnership, the responsible master or limited master elevator constructor must be a general partner or managing employee. If the licensed contractor is a limited liability company, the responsible master or limited master elevator constructor must be a chief manager or managing employee. If the contractor is a corporation, the responsible master or limited master elevator constructor must be an officer or managing employee. If the responsible master or limited master elevator constructor is a managing employee, the responsible individual must be actively engaged in performing elevator work on behalf of the contractor and cannot be employed in any capacity performing elevator work for any other elevator contractor or employer. An individual may be the responsible individual for only one contractor.

(c) All applications and renewals for contractor licenses shall include a verified statement that the applicant and responsible individual are in compliance with this subdivision.

Subd. 10. **Examination.** In addition to the other requirements described in this section and sections 326B.091 to 326B.098, as a precondition to issuance of a personal license, each applicant must pass a written or oral examination developed and administered by the commissioner to ensure the competence of each applicant for license. An oral examination shall be administered only to an applicant who furnishes a written statement from a certified teacher or other professional, trained in the area of reading disabilities, stating that the applicant has a specific reading disability that would prevent the applicant from performing satisfactorily on a written test. The oral examination shall be structured so that an applicant who passes the examination will not impair the applicant's own safety or that of others while acting as a licensed individual.

Subd. 11. **License, registration, and renewal fees; expiration.** (a) Unless revoked or suspended under this chapter, all licenses issued or renewed under this section expire on the following schedule:

(1) master licenses expire March 1 of each odd-numbered year after issuance or renewal;

(2) elevator contractor licenses expire March 1 of each even-numbered year after issuance or renewal;

(3) journeyman elevator constructor licenses expire two years from the date of original issuance and every two years thereafter; and

(4) registrations of unlicensed individuals expire one year from the date of original issuance and every year thereafter.

(b) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the registration of an unlicensed individual under subdivision 5 shall be considered an entry-level license;

(2) the journeyman elevator constructor shall be considered a journeyman license;

(3) the master elevator constructor and limited master elevator constructor licenses shall be considered master licenses; and

(4) an elevator contractor license shall be considered a business license.

Subd. 12. **Exemption from licensing.** Employees of a licensed elevator contractor or licensed limited elevator contractor are not required to hold or obtain a license under this section or be provided with direct supervision by a licensed master elevator constructor, licensed limited master elevator constructor, licensed elevator constructor, or licensed limited elevator constructor to install, maintain, or repair platform lifts and stairway chairlifts. Unlicensed employees performing elevator work under this exemption must comply with subdivision 5. This exemption does not include the installation, maintenance, repair, or replacement of electrical wiring for elevator equipment.

Subd. 13. **Reciprocity.** (a) The commissioner may enter into reciprocity agreements for personal licenses with another state and issue a personal license without requiring the applicant to pass an examination provided the applicant:

(1) submits an application under this section;

(2) pays the application and examination fee and license fee required under section 326B.092; and

(3) holds a valid comparable license in the state participating in the agreement.

(b) Reciprocity agreements are subject to the following:

(1) the parties to the agreement must administer a statewide licensing program that includes examination and qualifying experience or training comparable to Minnesota's;

(2) the experience and training requirements under which an individual applicant qualified for examination in the qualifying state must be deemed equal to or greater than required for an applicant making application in Minnesota at the time the applicant acquired the license in the qualifying state;

(3) the applicant must have acquired the license in the qualifying state through an examination deemed equivalent to the same class of license examination in Minnesota. A lesser class of license may be granted where the applicant has acquired a greater class of license in the qualifying state, and the applicant otherwise meets the conditions of this subdivision;

(4) at the time of application, the applicant must hold a valid license in the qualifying state and have held the license continuously for at least one year before making application in Minnesota;

(5) an applicant is not eligible for a license under this subdivision if the applicant has failed the same or greater class of license examination in Minnesota, or if the applicant's license of the same or greater class has been revoked or suspended; and

(6) an applicant who has failed to renew a personal license for two years or more after its expiration is not eligible for a license under this subdivision.

Sec. 23. Minnesota Statutes 2012, section 326B.184, subdivision 1, is amended to read:

Subdivision 1. **Permits.** No person may construct, install, alter, repair, or remove an elevator without first filing an application for a permit with the department or a municipality authorized by subdivision 4 to inspect elevators. A permit issued by the department is valid for work commenced within 12 months of application and completed within two years of application. Where no work is commenced within 12 months of application, an applicant may cancel the permit and request a refund of inspection fees.

Sec. 24. Minnesota Statutes 2012, section 326B.184, is amended by adding a subdivision to read:

Subd. 1a. **Department permit and inspection fees.** (a) The department permit and inspection fees to construct, install, alter, repair, or remove an elevator are as follows:

(1) the permit fee is $100;

(2) the inspection fee is 0.015 of the total cost of the permitted work for labor and materials, including related electrical and mechanical equipment. The inspection fee covers two inspections. The inspection fee for additional inspections is $80 per hour;

(3) when inspections scheduled by the permit submitter are not able to be completed because the work is not complete, a fee equal to two hours at the hourly rate of $80 must be paid by the permit submitter; and

(4) when the owner or permit holder requests inspections be performed outside of normal work hours or on weekends or holidays, an hourly rate of $120 in addition to the inspection fee must be paid.

(b) The department fees for inspection of existing elevators when requested by the elevator owner or as a result of an accident resulting in personal injury are at an hourly rate of $80 during normal work hours or $120 outside of normal work hours or on weekends or holidays, with a one-hour minimum.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 25. Minnesota Statutes 2012, section 326B.184, subdivision 2, is amended to read:

Subd. 2. **Operating permits and fees; periodic inspections.** (a) No person may operate an elevator without first obtaining an annual operating permit from the department or a municipality authorized by subdivision 4 to issue annual operating permits. A $100 annual operating permit fee must be paid to the department for each annual operating permit issued by the department, except that the original annual operating permit must be included in the permit fee for the initial installation of the elevator. Annual operating permits must be issued at 12-month intervals from the date of the initial annual operating permit. For each subsequent year, an owner must be granted an annual operating permit for the elevator upon the owner's or owner's agent's submission of a form prescribed by the commissioner and payment of the $100 fee. Each form must include the location of the elevator, the results of any periodic test required by the code, and any other criteria established by rule. An annual operating permit may be revoked by the commissioner upon an audit of the periodic testing results submitted with the application or a failure to comply with elevator code requirements, inspections, or any other law related to elevators. Except for an initial operating permit fee, hand-powered manlifts and electric endless belt manlifts, and vertical reciprocating conveyors are not subject to a subsequent operating permit fee.

(b) All elevators are subject to periodic inspections by the department or a municipality authorized by subdivision 4 to perform periodic inspections, except that hand-powered manlifts and electric endless belt manlifts are exempt from periodic inspections. Periodic inspections by the department shall be performed at the following intervals:

(1) a special purpose personnel elevator is subject to inspection not more than once every five years;

(2) an elevator located within a house of worship that does not have attached school facilities is subject to inspection not more than once every three years; and

(3) all other elevators are subject to inspection not more than once each year.

Sec. 26. Minnesota Statutes 2012, section 326B.187, is amended to read:

326B.187 RULES.

The commissioner may adopt rules for the following purposes:

(1) to establish minimum qualifications for elevator inspectors that must include possession of a current elevator constructor ~~electrician's~~ license issued by the department and proof of successful completion of the national elevator industry education program examination or equivalent experience;

(2) to establish minimum qualifications for limited elevator inspectors;

(3) to establish criteria for the qualifications of elevator contractors;

(4) to establish elevator standards under sections 326B.106, subdivisions 1 and 3, and 326B.13;

(5) to establish procedures for appeals of decisions of the commissioner under chapter 14 and procedures allowing the commissioner, before issuing a decision, to seek advice from the elevator trade, building owners or managers, and others knowledgeable in the installation, construction, and repair of elevators; and

(6) to establish requirements for the registration of all elevators.

Sec. 27. Minnesota Statutes 2012, section 326B.31, is amended by adding a subdivision to read:

Subd. 26a. **Request for inspection.** "Request for inspection" means the application for and issuance of a permit for an electrical installation that is required to be inspected under section 326B.36.

Sec. 28. Minnesota Statutes 2012, section 326B.33, subdivision 19, is amended to read:

Subd. 19. **License, registration, and renewal fees; expiration.** (a) Unless revoked or suspended under this chapter, all licenses issued or renewed under this section expire on the date specified in this subdivision. Master licenses expire March 1 of each odd-numbered year after issuance or renewal. Electrical contractor licenses expire March 1 of each even-numbered year after issuance or renewal. Technology system contractor and satellite system contractor licenses expire August 1 of each even-numbered year after issuance or renewal. All other personal licenses expire two years from the date of original issuance and every two years thereafter. Registrations of unlicensed individuals expire one year from the date of original issuance and every year thereafter.

(b) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the registration of an unlicensed individual under subdivision 12 shall be considered an entry level license;

(2) the following licenses shall be considered journeyman licenses: Class A journeyman electrician, Class B journeyman electrician, Class A installer, Class B installer, ~~elevator constructor,~~ lineman, maintenance electrician, satellite system installer, and power limited technician;

(3) the following licenses shall be considered master licenses: Class A master electrician~~,~~ and Class B master electrician~~, and master elevator constructor~~; and

(4) the following licenses shall be considered business licenses: Class A electrical contractor, Class B electrical contractor, ~~elevator contractor,~~ satellite system contractor, and technology systems contractor.

(c) For each filing of a certificate of responsible person by an employer, the fee is $100.

Sec. 29. Minnesota Statutes 2012, section 326B.33, subdivision 21, is amended to read:

Subd. 21. **Exemptions from licensing.** (a) An individual who is a maintenance electrician is not required to hold or obtain a license under sections 326B.31 to 326B.399 if:

(1) the individual is engaged in the maintenance and repair of electrical equipment, apparatus, and facilities that are owned or leased by the individual's employer and that are located within the limits of property operated, maintained, and either owned or leased by the individual's employer;

(2) the individual is supervised by:

(i) the responsible master electrician for a contractor who has contracted with the individual's employer to provide services for which a contractor's license is required; or

(ii) a licensed master electrician, a licensed maintenance electrician, an electrical engineer, or, if the maintenance and repair work is limited to technology circuits or systems work, a licensed power limited technician; and

(3) the individual's employer has on file with the commissioner a current certificate of responsible person, signed by the responsible master electrician of the contractor, the licensed master electrician, the licensed maintenance electrician, the electrical engineer, or the licensed power limited technician, and stating that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees complies with the Minnesota Electrical Act and the rules adopted under that act. The employer must pay a filing fee to file a certificate of responsible person with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible person, the employer must resubmit a certificate of responsible person, with a filing fee, no later than two years from the date of the previous submittal.

(b) Employees of a licensed electrical or technology systems contractor or other employer where provided with supervision by a master electrician in accordance with subdivision 1, or power limited technician in accordance with subdivision 7, paragraph (a), clause (1), are not required to hold a license under sections 326B.31 to 326B.399 for the planning, laying out, installing, altering, and repairing of technology circuits or systems except planning, laying out, or installing:

(1) in other than residential dwellings, class 2 or class 3 remote control circuits that control circuits or systems other than class 2 or class 3, except circuits that interconnect these systems through communication, alarm, and security systems are exempted from this paragraph;

(2) class 2 or class 3 circuits in electrical cabinets, enclosures, or devices containing physically unprotected circuits other than class 2 or class 3; or

(3) technology circuits or systems in hazardous classified locations as covered by chapter 5 of the National Electrical Code.

(c) Companies and their employees that plan, lay out, install, alter, or repair class 2 and class 3 remote control wiring associated with plug or cord and plug connected appliances other than security or fire alarm systems installed in a residential dwelling are not required to hold a license under sections 326B.31 to 326B.399.

(d) Heating, ventilating, air conditioning, and refrigeration contractors and their employees are not required to hold or obtain a license under sections 326B.31 to 326B.399 when performing heating, ventilating, air conditioning, or refrigeration work as described in section 326B.38.

(e) Employees of any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or a telephone company as defined under section 237.01 or its employees, or of any independent contractor performing work on behalf of any such utility, cable communications company, or telephone company, shall not be required to hold a license under sections 326B.31 to 326B.399:

(1) while performing work on installations, materials, or equipment which are owned or leased, and operated and maintained by such utility, cable communications company, or telephone company in the exercise of its utility, antenna, or telephone function, and which

(i) are used exclusively for the generation, transformation, distribution, transmission, or metering of electric current, or the operation of railway signals, or the transmission of intelligence and do not have as a principal function the consumption or use of electric current or provided service by or for the benefit of any person other than such utility, cable communications company, or telephone company, and

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction, and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(2) while performing work on installations, materials, or equipment which are a part of the street lighting operations of such utility; or

(3) while installing or performing work on outdoor area lights which are directly connected to a utility's distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction.

(f) An owner shall not be required to hold or obtain a license under sections 326B.31 to 326B.399.

(g) Companies and their employees licensed under section 326B.164 shall not be required to hold or obtain a license under sections 326B.31 to 326B.399.

Sec. 30. Minnesota Statutes 2012, section 326B.36, subdivision 7, is amended to read:

Subd. 7. **Exemptions from inspections.** Installations, materials, or equipment shall not be subject to inspection under sections 326B.31 to 326B.399:

(1) when owned or leased, operated and maintained by any employer whose maintenance electricians are exempt from licensing under sections 326B.31 to 326B.399, while performing electrical maintenance work only as defined by rule;

(2) when owned or leased, and operated and maintained by any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or telephone company as defined under section 237.01, in the exercise of its utility, antenna, or telephone function; and

(i) are used exclusively for the generations, transformation, distribution, transmission, or metering of electric current, or the operation of railway signals, or the transmission of intelligence, and do not have as a principal function the consumption or use of electric current by or for the benefit of any person other than such utility, cable communications company, or telephone company; and

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction; and

(iii) are not on the load side of the service point or point of entrance for communication systems;

(3) when used in the street lighting operations of an electrical utility;

(4) when used as outdoor area lights which are owned and operated by an electrical utility and which are connected directly to its distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction;

(5) when the installation, material, and equipment are in facilities subject to the jurisdiction of the federal Mine Safety and Health Act; or

(6) when the installation, material, and equipment is part of an elevator installation for which the elevator contractor, licensed under section ~~326B.33~~ 326B.164, is required to obtain a permit from the authority having jurisdiction as provided by section 326B.184, and the inspection has been or will be performed by an elevator inspector certified and licensed by the department. This exemption shall apply only to installations, material, and equipment permitted or required to be connected on the load side of the disconnecting means required for elevator equipment under National Electrical Code Article 620, and elevator communications and alarm systems within the machine room, car, hoistway, or elevator lobby.

Sec. 31. Minnesota Statutes 2012, section 326B.37, is amended by adding a subdivision to read:

Subd. 15. **Utility interconnected wind generation installations.** (a) Fees associated with utility interconnected generation installations consisting of one or more generator sources interconnected with a utility power system and not supplying other premises loads are calculated according to paragraph (b) or (c).

(b) The inspection fee is calculated according to subdivisions 2, 3, 4, and 6, paragraphs (d), (f), (j), and (k). A fee must be included for the generators and utility interconnect feeders, but not for a utility service.

(c) There is a plan review fee and an inspection fee for the entire electrical installation. The plan review fee is based on the valuation of the electrical installation related to one of the generator systems that is part of the overall installation, not to include the supporting tower or other nonelectrical equipment or structures, calculated according to section 326B.153, subdivision 2. The inspection fee is $80 for each individual tower, including any voltage matching transformers located at the tower, and the fee for the feeders interconnecting the individual towers to the utility power system is calculated according to subdivisions 4 and 6, paragraph (k).

Sec. 32. Minnesota Statutes 2012, section 326B.43, subdivision 2, is amended to read:

Subd. 2. **Agreement with municipality.** The commissioner may enter into an agreement with a municipality, in which the municipality agrees to perform plan and specification reviews required to be performed by the commissioner under Minnesota Rules, part 4715.3130, if:

(a) the municipality has adopted:

(1) the plumbing code;

(2) an ordinance that requires plumbing plans and specifications to be submitted to, reviewed, and approved by the municipality, except as provided in paragraph (n);

(3) an ordinance that authorizes the municipality to perform inspections required by the plumbing code; and

(4) an ordinance that authorizes the municipality to enforce the plumbing code in its entirety, except as provided in paragraph (p);

(b) the municipality agrees to review plumbing plans and specifications for all construction for which the plumbing code requires the review of plumbing plans and specifications, except as provided in paragraph (n);

(c) the municipality agrees that, when it reviews plumbing plans and specifications under paragraph (b), the review will:

(1) reflect the degree to which the plans and specifications affect the public health and conform to the provisions of the plumbing code;

(2) ensure that there is no physical connection between water supply systems that are safe for domestic use and those that are unsafe for domestic use; and

(3) ensure that there is no apparatus through which unsafe water may be discharged or drawn into a safe water supply system;

(d) the municipality agrees to perform all inspections required by the plumbing code in connection with projects for which the municipality reviews plumbing plans and specifications under paragraph (b);

(e) the commissioner determines that the individuals who will conduct the inspections and the plumbing plan and specification reviews for the municipality do not have any conflict of interest in conducting the inspections and the plan and specification reviews;

(f) individuals who will conduct the plumbing plan and specification reviews for the municipality are:

(1) licensed master plumbers;

(2) licensed professional engineers; or

(3) individuals who are working under the supervision of a licensed professional engineer or licensed master plumber and who are licensed master or journeyman plumbers or hold a postsecondary degree in engineering;

(g) individuals who will conduct the plumbing plan and specification reviews for the municipality have passed a competency assessment required by the commissioner to assess the individual's competency at reviewing plumbing plans and specifications;

(h) individuals who will conduct the plumbing inspections for the municipality are licensed master or journeyman plumbers, or inspectors meeting the competency requirements established in rules adopted under section 326B.135;

(i) the municipality agrees to enforce in its entirety the plumbing code on all projects, except as provided in paragraph (p);

(j) the municipality agrees to keep official records of all documents received, including plans, specifications, surveys, and plot plans, and of all plan reviews, permits and certificates issued, reports of inspections, and notices issued in connection with plumbing inspections and the review of plumbing plans and specifications;

(k) the municipality agrees to maintain the records described in paragraph (j) in the official records of the municipality for the period required for the retention of public records under section 138.17, and shall make these records readily available for review at the request of the commissioner;

(l) the municipality and the commissioner agree that if at any time during the agreement the municipality does not have in effect the plumbing code or any of ordinances described in paragraph (a), or if the commissioner determines that the municipality is not properly administering and enforcing the plumbing code or is otherwise not complying with the agreement:

(1) the commissioner may, effective 14 days after the municipality's receipt of written notice, terminate the agreement;

(2) the municipality may challenge the termination in a contested case before the commissioner pursuant to the Administrative Procedure Act; and

(3) while any challenge is pending under clause (2), the commissioner shall perform plan and specification reviews within the municipality under Minnesota Rules, part 4715.3130;

(m) the municipality and the commissioner agree that the municipality may terminate the agreement with or without cause on 90 days' written notice to the commissioner;

(n) the municipality and the commissioner agree that the municipality shall forward to the state for review all plumbing plans and specifications for the following types of projects within the municipality:

(1) ~~hospitals, nursing homes, supervised living facilities licensed for eight or more individuals, and similar health care related facilities regulated by the Minnesota Department of Health~~ state-licensed facilities as defined in section 326B.103, subdivision 13;

(2) ~~buildings owned by the federal or state government~~ public buildings as defined in section 326B.103, subdivision 11; and

(3) projects of a special nature for which department review is requested by either the municipality or the state;

(o) where the municipality forwards to the state for review plumbing plans and specifications, as provided in paragraph (n), the municipality shall not collect any fee for plan review, and the commissioner shall collect all applicable fees for plan review; and

(p) no municipality shall revoke, suspend, or place restrictions on any plumbing license issued by the state.

Sec. 33. Minnesota Statutes 2012, section 326B.49, subdivision 2, is amended to read:

Subd. 2. **Fees for plan reviews and audits.** Plumbing system plans and specifications that are submitted to the commissioner for review shall be accompanied by the appropriate plan examination fees. If the commissioner determines, upon review of the plans, that inadequate fees were paid, the necessary additional fees shall be paid prior to plan approval. The commissioner shall charge the following fees for plan reviews and audits of plumbing installations for public, commercial, and industrial buildings:

(1) systems with both water distribution and drain, waste, and vent systems and having:

(i) 25 or fewer drainage fixture units, $150;

(ii) 26 to 50 drainage fixture units, $250;

(iii) 51 to 150 drainage fixture units, $350;

(iv) 151 to 249 drainage fixture units, $500;

(v) 250 or more drainage fixture units, $3 per drainage fixture unit to a maximum of $4,000; and

(vi) interceptors, separators, or catch basins, $70 per interceptor, separator, or catch basin design;

(2) building sewer service only, $150;

(3) building water service only, $150;

(4) building water distribution system only, no drainage system, $5 per supply fixture unit or $150, whichever is greater;

(5) storm drainage system, a minimum fee of $150 or:

(i) $50 per drain opening, up to a maximum of $500; and

(ii) $70 per interceptor, separator, or catch basin design;

(6) manufactured home park or campground, one to 25 sites, $300;

(7) manufactured home park or campground, 26 to 50 sites, $350;

(8) manufactured home park or campground, 51 to 125 sites, $400;

(9) manufactured home park or campground, more than 125 sites, $500; and

~~(10) accelerated review, double the regular fee, one half to be refunded if no response from the commissioner within 15 business days; and~~

~~(11)~~ (10) revision to previously reviewed or incomplete plans:

(i) review of plans for which the commissioner has issued two or more requests for additional information, per review, $100 or ten percent of the original fee, whichever is greater;

(ii) proposer-requested revision with no increase in project scope, $50 or ten percent of original fee, whichever is greater; and

(iii) proposer-requested revision with an increase in project scope, $50 plus the difference between the original project fee and the revised project fee.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 34. Minnesota Statutes 2012, section 326B.49, subdivision 3, is amended to read:

Subd. 3. ~~**Inspection**~~ **Permits; fees.** ~~The commissioner shall charge the following fees for inspections under sections 326B.42 to 326B.49:~~

~~Residential inspection fee (each visit)~~	~~$50~~
~~Public, Commercial, and Industrial Inspections~~	~~Inspection Fee~~
~~25 or fewer drainage fixture units~~	~~$300~~
~~26 to 50 drainage fixture units~~	~~$900~~
~~51 to 150 drainage fixture units~~	~~$1,200~~
~~151 to 249 drainage fixture units~~	~~$1,500~~
~~250 or more drainage fixture units~~	~~$1,800~~
~~Callback fee (each visit)~~	~~$100~~

(a) Before commencement of a plumbing installation to be inspected by the commissioner, the plumbing contractor or registered plumbing employer performing the plumbing work must submit to the commissioner an application for a permit and the permit and inspection fees in paragraphs (b) to (f).

(b) The permit fee is $100.

(c) The residential inspection fee is $50 for each inspection trip.

(d) The public, commercial, and industrial inspection fees are as follows:

(1) for systems with water distribution, drain, waste, and vent system connection:

(i) $25 for each fixture, permanently connected appliance, floor drain, or other appurtenance;

(ii) $25 for each water conditioning, water treatment, or water filtration system; and

(iii) $25 for each interceptor, separator, catch basin, or manhole;

(2) roof drains, $25 for each drain;

(3) building sewer service only, $100;

(4) building water service only, $100;

(5) building water distribution system only, no drainage system, $5 for each fixture supplied;

(6) storm drainage system, a minimum fee of $25 for each drain opening, interceptor, separator, or catch basin;

(7) manufactured home park or campground, $25 for each site;

(8) reinspection fee to verify corrections, regardless of the total fee submitted, $100 for each reinspection; and

(9) each $100 in fees paid covers one inspection trip.

(e) In addition to the fees in paragraph (c), the fee submitter must pay an hourly rate of $80 during regular business hours, or $120 when inspections are requested to be performed outside of normal work hours or on weekends and holidays, with a two-hour minimum where the fee submitter requests inspections of installations as systems are being installed.

(f) The fee submitter must pay a fee equal to two hours at the hourly rate of $80 when inspections scheduled by the submitter are not able to be completed because the work is not complete.

Sec. 36. Minnesota Statutes 2012, section 327B.04, subdivision 4, is amended to read:

Subd. 4. **License prerequisites.** No application shall be granted nor license issued until the applicant proves to the commissioner that:

(a) the applicant has a permanent, established place of business at each licensed location. An "established place of business" means a permanent enclosed building other than a residence, or a commercial office space, either owned by the applicant or leased by the applicant for a term of at least one year, located in an area where zoning regulations allow commercial activity, and where the books, records and files necessary to conduct the business are kept and maintained. The owner of a licensed manufactured home park who resides in or adjacent to the park may use the residence as the established place of business required by this subdivision, unless prohibited by local zoning ordinance.

If a license is granted, the licensee may use unimproved lots and premises for sale, storage, and display of manufactured homes, if the licensee first notifies the commissioner in writing;

(b) if the applicant desires to sell, solicit or advertise the sale of new manufactured homes, it has a bona fide contract or franchise in effect with a manufacturer or distributor of the new manufactured home it proposes to deal in;

(c) the applicant has secured: (1) a surety bond in the amount of $20,000 for each agency and each subagency location that bears the applicant's name and the name under which the applicant will be licensed and do business in this state. Each bond is for the protection of consumer customers, and must be executed by the applicant as principal and issued by a surety company admitted to do business in this state. Each bond shall be exclusively for the purpose of reimbursing consumer customers and shall be conditioned upon the faithful compliance by the applicant with all of the laws and rules of this state pertaining to the applicant's business as a dealer or manufacturer, including sections 325D.44, 325F.67 and 325F.69, and upon the applicant's faithful performance of all its legal obligations to consumer customers; and (2) a certificate of liability insurance in the amount of $1,000,000 that provides aggregate coverage for the agency and each subagency location. In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured;

(d) the applicant has established a trust account as required by section 327B.08, subdivision 3, unless the applicant states in writing its intention to limit its business to selling, offering for sale, soliciting or advertising the sale of new manufactured homes; and

(e) the applicant has provided evidence of having had at least two years' prior experience in the sale of manufactured homes, working for a licensed dealer. The applicant does not have to satisfy the two-year prior experience requirement if:

(1) the applicant sells or brokers used manufactured homes as permitted under section 327B.01, subdivision 7; or

(2) the applicant:

(i) has met all other licensing requirements;

(ii) is the owner of a manufactured home park; and

(iii) is selling new manufactured homes installed in the manufactured home park that the applicant owns.

Sec. 37. Minnesota Statutes 2012, section 341.21, subdivision 3a, is amended to read:

Subd. 3a. **Commissioner.** "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or a person working under contract with the department.

Sec. 38. Minnesota Statutes 2012, section 341.221, is amended to read:

341.221 ADVISORY COUNCIL.

(a) The commissioner must appoint a Combative Sports Advisory Council to advise the commissioner on the administration of duties under this chapter.

(b) The council shall have nine members appointed by the commissioner. One member must be a retired judge of the Minnesota District Court, Minnesota Court of Appeals, Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals. At least four members must have knowledge of the boxing industry. At least four members must have knowledge of the mixed martial arts industry. The commissioner shall make serious efforts to appoint qualified women to serve on the council.

(c) Council members shall serve terms of four years with the terms ending on the first Monday in January.

(d) The council shall annually elect from its membership a chair.

(e) ~~The commissioner shall convene the first meeting of the council by July 1, 2012. The council shall elect a chair at its first meeting. Thereafter,~~ Meetings shall be convened by the commissioner, or by the chair with the approval of the commissioner.

(f) ~~For the first appointments to the council, the commissioner shall appoint the members currently serving on the Combative Sports Commission established under section 341.22, to the council.~~ The commissioner shall designate two of the members to serve until the first Monday in January 2013; two members to serve until the first Monday in January 2014; two members to serve until the first Monday in January 2015; and three members to serve until the first Monday in January 2016.

(g) Removal of members, filling of vacancies, and compensation of members shall be as provided in section 15.059.

Sec. 39. Minnesota Statutes 2012, section 341.27, is amended to read:

341.27 COMMISSIONER DUTIES.

The commissioner shall:

(1) issue, deny, renew, suspend, or revoke licenses;

(2) make and maintain records of its acts and proceedings including the issuance, denial, renewal, suspension, or revocation of licenses;

(3) keep public records of the council open to inspection at all reasonable times;

(4) develop rules to be implemented under this chapter;

(5) conform to the rules adopted under this chapter;

(6) develop policies and procedures for regulating boxing and mixed martial arts; ~~and~~

(7) immediately suspend an individual license for a medical condition, including but not limited to a medical condition resulting from an injury sustained during a match, bout, or contest that has been confirmed by the ringside physician. The medical suspension must be lifted after the commissioner receives written information from a physician licensed in the home state of the licensee indicating that the combatant may resume competition, and any other information that the commissioner may by rule require. Medical suspensions are not subject to section ~~214.10.~~ 326B.082 or the contested case procedures provided in sections 14.57 to 14.69; and

(8) immediately suspend an individual combatant license for a mandatory rest period, which must commence at the conclusion of every combative sports contest in which the license holder competes and does not receive a medical suspension. A rest suspension must automatically lift after seven calendar days from the date the combative sports contest passed without notice or additional proceedings. Rest suspensions are not subject to section 326B.082 or the contested case procedures provided in sections 14.57 to 14.69.

Sec. 40. Minnesota Statutes 2012, section 341.29, is amended to read:

341.29 JURISDICTION OF COMMISSIONER.

The commissioner shall:

(1) have sole direction, supervision, regulation, control, and jurisdiction over all combative sport contests that are held within this state unless a contest is exempt from the application of this chapter under federal law;

(2) have sole control, authority, and jurisdiction over all licenses required by this chapter; ~~and~~

(3) grant a license to an applicant if, in the judgment of the commissioner, the financial responsibility, experience, character, and general fitness of the applicant are consistent with the public interest, convenience, or necessity and the best interests of combative sports and conforms with this chapter and the commissioner's rules~~.~~; and

(4) deny, suspend, or revoke a license using the enforcement provisions of section 326B.082.

Sec. 41. Minnesota Statutes 2012, section 341.30, subdivision 4, is amended to read:

Subd. 4. **Prelicensure requirements.** (a) Before the commissioner issues a license to a promoter, corporation, or other business entity, the applicant shall:

(1) provide the commissioner with a copy of any agreement between a combatant and the applicant that binds the applicant to pay the combatant a certain fixed fee or percentage of the gate receipts;

(2) show on the application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

(3) provide the commissioner with a copy of the latest financial statement of the entity; and

(4) provide the commissioner with a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter.

(b) Before the commissioner issues a license to a promoter, the applicant shall deposit with the commissioner a cash bond or surety bond in an amount set by the commissioner, which must not be less than $10,000. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it. An applicant for a license as a promoter and licensed promoters shall submit an application for each event a minimum of six weeks before the combative sport contest is scheduled to occur.

(c) Before the commissioner issues a license to a combatant, the applicant shall submit to the commissioner:

(1) a mixed martial arts combatant national identification number or federal boxing identification number that is unique to the applicant, or both; and

(2) the results of a current medical examination on forms furnished or approved by the commissioner. The medical examination must include an ophthalmological and neurological examination, and documentation of test results for HBV, HCV, and HIV, and any other blood test as the commissioner by rule may require. The ophthalmological examination must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by combative sports. The neurological examination must include an electroencephalogram or medically superior test if the combatant has been knocked unconscious in a previous contest. The commissioner may also order an electroencephalogram or other appropriate neurological or physical examination before any contest if it determines that the examination is desirable to protect the health of the combatant. The commissioner shall not issue a license to an applicant submitting positive test results for HBV, HCV, or HIV.

Sec. 42. Minnesota Statutes 2012, section 341.32, subdivision 2, is amended to read:

Subd. 2. **Expiration and renewal.** ~~A license issued after July 1, 2007, is valid for one year from the date it is issued and~~ Licenses expire annually on December 31, and may be renewed by filing an application for renewal with the commissioner and payment of the license fees established in section 341.321. An application for a license and renewal of a license must be on a form provided by the commissioner. There is a 30-day grace period during which a license may be renewed if a late filing penalty fee equal to the license fee is submitted with the regular license fee. A licensee that files late shall not conduct any activity regulated by this chapter until the commissioner has renewed the license. If the licensee fails to apply to the commissioner within the 30-day grace period, the licensee must apply for a new license under subdivision 1.

Sec. 43. Minnesota Statutes 2012, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional licenses issued by the commissioner is as follows:

(1) referees, ~~$45~~ $80 for each initial license and each renewal;

(2) promoters, ~~$400~~ $700 for each initial license and each renewal;

(3) judges and knockdown judges, ~~$45~~ $80 for each initial license and each renewal;

(4) trainers, ~~$45~~ $80 for each initial license and each renewal;

(5) ring announcers, ~~$45~~ $80 for each initial license and each renewal;

(6) seconds, ~~$45~~ $80 for each initial license and each renewal;

(7) timekeepers, ~~$45~~ $80 for each initial license and each renewal;

(8) combatants, ~~$45~~ $120 for each initial license and each renewal;

(9) managers, ~~$45~~ $80 for each initial license and each renewal; and

(10) ringside physicians, ~~$45~~ $80 for each initial license and each renewal.

In addition to the license fee and the late filing penalty fee in section 341.32, subdivision 2, if applicable, an individual who applies for a professional license on the same day the combative sporting event is held shall pay a late fee of $100 plus the original license fee of ~~$45~~ $120 at the time the application is submitted.

(b) The fee schedule for amateur licenses issued by the commissioner is as follows:

(1) referees, ~~$45~~ $80 for each initial license and each renewal;

(2) promoters, ~~$400~~ $700 for each initial license and each renewal;

(3) judges and knockdown judges, ~~$45~~ $80 for each initial license and each renewal;

(4) trainers, ~~$45~~ $80 for each initial license and each renewal;

(5) ring announcers, ~~$45~~ $80 for each initial license and each renewal;

(6) seconds, ~~$45~~ $80 for each initial license and each renewal;

(7) timekeepers, ~~$45~~ $80 for each initial license and each renewal;

(8) combatant, ~~$25~~ $60 for each initial license and each renewal;

(9) managers, ~~$45~~ $80 for each initial license and each renewal; and

(10) ringside physicians, ~~$45~~ $80 for each initial license and each renewal.

(c) The commissioner shall establish a contest fee for each combative sport contest. The professional combative sport contest fee is $1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled, ~~except that~~ the amateur combative sport contest fee shall be ~~$500~~ $1,500 or not more than four percent of the gross ticket sales, whichever is greater. The commissioner shall consider the size and type of venue when establishing a contest fee. The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule. A professional or amateur combative sport contest fee is nonrefundable.

(d) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 44. **JOB-BASED EDUCATION AND APPRENTICESHIP PROGRAM (JEAP) FOR MANUFACTURING INDUSTRIES.**

Subdivision 1. **Creation.** The commissioner of labor and industry, in collaboration with the Board of Trustees of the Minnesota State Colleges and Universities (MnSCU) and employers, shall develop JEAP for manufacturing industries that integrates academic instruction and job-related learning in the workplace and through MnSCU

institutions. The commissioner shall actively recruit participants in JEAP, through the Web-based hub created in subdivision 4 and other means, from the following groups: secondary and postsecondary school systems; individuals with disabilities; dislocated workers; retired and disabled veterans; individuals enrolled in MFIP under Minnesota Statutes, chapter 256J; minorities; previously incarcerated individuals; individuals residing in labor surplus areas as defined by the United States Department of Labor; and any other disadvantaged group as determined by the commissioner.

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Board of Trustees of the Minnesota State Colleges and Universities" has the meaning given in Minnesota Statutes, section 136F.01.

(c) "Commissioner" means the commissioner of labor and industry.

(d) "Employer" means a skilled manufacturing employer within the state who enters into the agreements with MnSCU and the commissioner of labor under subdivisions 4 to 6.

(e) "Hub" or "the hub" means the Web-based listing of skilled manufacturing jobs under subdivision 3.

(f) "MnSCU institution" means the local college or university providing instruction to the participant.

(g) "Participant" means an employee who:

(1) enters into a JEAP participation agreement under subdivision 6; and

(2) is successfully admitted to a MnSCU institution, if applicable.

(h) "Related instruction" means classroom instruction or technical or vocational training required to perform the duties of the skilled manufacturing job.

(i) "Skilled manufacturing" means occupations in manufacturing industry sectors 31 to 33 as defined by the North American Industry Classification System (NAICS).

Subd. 3. **Job-seekers hub.** (a) The commissioner shall develop a centralized Web-based skilled manufacturing job-seekers hub that matches the needs of employers with job seekers.

(b) An employer may advertise a JEAP or other job opportunity on the hub if the employer:

(1) collaborates with a MnSCU institution to assist with the development of any necessary classroom instruction or technical or vocational training that may be required to perform the duties of the skilled manufacturing job;

(2) collaborates with the commissioner of labor and industry to create a JEAP under subdivision 4;

(3) abides by the terms of the JEAP employer agreement under subdivision 4; and

(4) employs the participant under the terms of a JEAP participation agreement under subdivision 5 for the duration of the modified apprenticeship program and, assuming successful completion, makes reasonable efforts to continue to employ the participant as a regular employee.

(c) Job seekers seeking skilled manufacturing jobs advertised on the hub agree to abide by the terms of the JEAP participation agreement under subdivision 5.

(d) The Board of Trustees of MnSCU and MnSCU institutions shall provide information for the hub describing the related instruction component of JEAP through data exchange.

Subd. 4. **JEAP employer agreement.** (a) The commissioner, eligible employer, and MnSCU institution shall enter into a JEAP employer agreement that is specific to the identified manufacturing training needs of an employer.

(b) The agreement must contain the following:

(1) the name of the employer;

(2) a statement showing the number of hours to be spent by a participant in work and the number of hours to be spent, if any, in concurrent, supplementary instruction in related subjects. The maximum number of hours of work per week, not including time spent in related instruction, for any participant shall not exceed either the number prescribed by law or the customary regular number of hours per week for the employees of the company by which the participant is employed. A participant may be allowed to work overtime provided that the overtime work does not conflict with supplementary instruction course attendance. All time spent by the participant in excess of the number of hours of work per week as specified in the JEAP participation agreement shall be considered overtime;

(3) a statement showing the schedule of wages that a participant will earn, including a probationary period, if any;

(4) an explanation of how the employer agreement or participant agreement may be terminated;

(5) a statement setting forth a schedule of the processes in the occupation in which the participant is to be trained and the approximate time to be spent at each process;

(6) a statement by the MnSCU institution and the employer describing the related instruction that will be offered, if any, under subdivision 6, paragraph (c); and

(7) any other provision the commissioner deems necessary to carry out the purposes of this section.

Subd. 5. **JEAP participation agreement.** (a) The commissioner, the prospective participant, and the employer shall enter into a JEAP participation agreement that is specific to the manufacturing training to be provided to the participant.

(b) The participation agreement must contain the following:

(1) the name of the employer;

(2) the name of the participant;

(3) a statement setting forth a schedule of the processes of the occupation in which the participant is to be trained and the approximate time to be spent at each process;

(4) a description of any related instruction;

(5) a statement showing the number of hours to be spent by a participant in work and the number of hours to be spent, if any, in concurrent, supplementary instruction in related subjects. The maximum number of hours of work per week, not including time spent in related instruction, for any participant shall not exceed either the number prescribed by law or the customary regular number of hours per week for the employees of the company by which the participant is employed. A participant may be allowed to work overtime provided that the overtime work does not conflict with supplementary instruction course attendance. All time spent by the participant in excess of the number of hours of work per week as specified in the JEAP participation agreement shall be considered overtime;

(6) a statement showing the schedule of wages that a participant will earn, including a probationary period, if any; and

(7) an explanation of how the parties may terminate the participation agreement.

(c) If a JEAP participation agreement meets the requirements of Minnesota Statutes, section 178.07, the commissioner may approve the participation agreement as an apprenticeship agreement.

(d) The commissioner may periodically review the adherence to the terms of the JEAP participation agreement. If the commissioner determines that an employer or participant has failed to comply with the terms of a participation agreement, the commissioner shall terminate the participation agreement.

Subd. 6. **MnSCU instruction.** (a) MnSCU institutions shall collaborate with employers to provide related instruction which the employer deems necessary to instruct participants of JEAP. The related instruction provided must be, for the purposes of this section, career-level, as negotiated by the commissioner and the MnSCU institution. The related instruction may be for credit or noncredit, and credit earned may be transferable to a degree program, as determined by the MnSCU institution.

(b) The commissioner, in conjunction with the MnSCU institution, shall issue a certificate of completion to a participant who completes all required components of the JEAP participation agreement.

(c) As part of the JEAP, an employer shall collaborate with a MnSCU institution for any related instruction required to perform the skilled manufacturing job. The employer agreement shall include:

(1) a detailed explanation of the related instruction; and

(2) the number of hours of related instruction needed to receive a certificate of completion.

(d) Before entering into a JEAP participation agreement under subdivision 6, a prospective participant must enroll in the MnSCU institution at which the required instruction will occur. Acceptance into JEAP does not guarantee enrollment as a degree-seeking student in good standing at a MnSCU institution. The MnSCU institution may modify admission procedures and requirements for participants applying for JEAP under this section.

Subd. 7. **Expiration.** JEAP does not expire unless jointly agreed to by both the Board of Trustees of MnSCU and the commissioner.

Sec. 45. **IMPLEMENTATION; REPORT.**

The commissioner shall implement JEAP for manufacturing industries under Minnesota Statutes, section 178A.10, at Century College, Alexandria Technical and Community College, Hennepin Technical College, and Central Lakes College. By January 15, 2015, the commissioner and the Board of Trustees of MnSCU, in conjunction with each MnSCU institution listed in this section, shall report to the legislative committees with jurisdiction over jobs. The report must address the progress and success of the implementation of JEAP at each individual MnSCU institution listed in this section. The report must give recommendations on where JEAP should next be implemented, taking into consideration all current and potential manufacturing training providers available.

Sec. 46. **REPEALER.**

(a) Minnesota Statutes 2012, sections 326B.31, subdivisions 18, 19, and 22; and 326B.978, subdivision 4, are repealed.

(b) Minnesota Rules, parts 1307.0032; 3800.3520, subpart 5, items C and D; and 3800.3602, subpart 2, item B, subitems (5) and (6), are repealed."

Page 53, delete article 3 and insert:

"ARTICLE 3
EMPLOYMENT, ECONOMIC DEVELOPMENT, AND WORKFORCE DEVELOPMENT

Section 1. **[116J.013] COST-OF-LIVING STUDY; ANNUAL REPORT.**

(a) The commissioner shall conduct an annual cost-of-living study in Minnesota. The study shall include:

(1) a calculation of the statewide basic needs cost of living, adjusted for family size;

(2) a calculation of the basic needs cost of living, adjusted for family size, for each county;

(3) an analysis of statewide and county cost-of-living data, employment data, and job vacancy data; and

(4) recommendations to aid in the assessment of employment and economic development planning needs throughout the state.

(b) The commissioner shall report on the cost-of-living study and recommendations by February 1 of each year to the governor and to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over employment and economic development issues.

Sec. 2. **[116J.4011] LABOR MARKET INFORMATION DATA PRODUCTION REQUIREMENT.**

(a) As part of the commissioner's obligation under section 116J.401, the commissioner must, in collaboration with the Office of Higher Education and local workforce center boards, publish labor market analysis supply and demand reports, statewide and by region. The supply and demand reports must:

(1) identify the state and regional industry sectors and occupations with the highest current and projected job growth;

(2) identify top job vacancies by state and regional industry sectors and occupations;

(3) provide information on the education attainment of the current state and regional workforce;

(4) identify the expected number of graduates in industry-recognized credential and degree programs by career field;

(5) identify the completion rate and average debt per student of industry-recognized credential and degree programs by career field;

(6) identify higher education institutions offering industry-recognized credential and degree programs in high job-growth career fields;

(7) make projections on future state and regional job growth by education level; and

(8) utilize employer surveys to identify the credentials and skills needed for employment in high job-growth occupations.

(b) The statewide report and regional reports shall each present side-by-side comparisons of:

(1) new job growth and total job openings by education level compared with educational attainment levels of current workforce;

(2) current and projected top high-growth, high-pay industries by number of new jobs and median salaries compared with top annual graduates by major or credential; and

(3) top job vacancies requiring some postsecondary credential. Each of these vacancies should be directly linked to information about what credentials are required, where in the state and region those credentials can be obtained, the completion and credential attainment rate of each of those credential programs, the average debt per student who attains each credential, and median wages for the job vacancy.

(c) Reports required by this section must be regularly reviewed by regional employers and educators to ensure accuracy.

(d) Reports required by this section must be easily accessible, easily readable, and prominently presented on the Department of Employment and Economic Development Web site and Web sites of workforce centers.

Sec. 3. Minnesota Statutes 2012, section 116J.8731, subdivision 2, is amended to read:

Subd. 2. **Administration.** Except as otherwise provided in this section, the commissioner shall administer the fund as part of the Small Cities Development Block Grant Program~~.~~ and funds shall be made available to local communities and recognized Indian tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant program~~, except that~~. All units of general purpose local government are eligible applicants for Minnesota investment funds. The commissioner may provide forgivable loans directly to a private enterprise and not require a local community or recognized Indian tribal government application other than a resolution supporting the assistance. Eligible applicants for the state-funded portion of the fund also include development authorities as defined in section 116J.552, subdivision 4, provided that the governing body of the municipality approves, by resolution, the application of the development authority. The commissioner may also make funds available within the department for eligible expenditures under subdivision 3, clause (2). A home rule charter or statutory city, county, or town may loan or grant money received from repayment of funds awarded under this section to a regional development commission, other regional entity, or statewide community capital fund as determined by the commissioner, to capitalize or to provide the local match required for capitalization of a regional or statewide revolving loan fund.

Sec. 4. Minnesota Statutes 2012, section 116J.8731, subdivision 3, is amended to read:

Subd. 3. **Eligible expenditures.** The money appropriated for this section may be used to:

(1) fund loans or grants for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought;

(2) fund strategic investments in renewable energy market development, such as low interest loans for renewable energy equipment manufacturing, training grants to support renewable energy workforce, development of a renewable energy supply chain that represents and strengthens the industry throughout the state, and external marketing to garner more national and international investment into Minnesota's renewable sector. Expenditures in external marketing for renewable energy market development are not subject to the limitations in clause (1); and

(3) provide private entrepreneurs with training, other technical assistance, and financial assistance, as provided in the small cities development block grant program.

Sec. 5. Minnesota Statutes 2012, section 116J.8731, subdivision 8, is amended to read:

Subd. 8. **Disaster contingency account; repayments.** There is created a Minnesota investment fund disaster contingency account in the special revenue fund. Repayment of loan amounts to the local government unit or development authority under this section shall be forwarded to the commissioner and deposited in the disaster contingency account in the Minnesota investment fund to be appropriated by law for future disaster relief.

Sec. 6. Minnesota Statutes 2012, section 116J.8731, subdivision 9, is amended to read:

Subd. 9. **Requirements for assistance.** (a) All awards under section 12A.07 are subject to the ~~following~~ requirements in this subdivision.

~~(a) Eligible applicants include the following:~~

(b) Eligible applicants are subject to the following requirements:

(1) Applicants may be any business or nonprofit organization in the area included in the disaster declaration that was directly and adversely affected by the disaster. This includes: businesses, cooperatives, utilities, industrial, commercial, retail, and nonprofit organizations, including those nonprofits that provide residential, health care, child care, social, or other services on behalf of the Department of Human Services to residents included in the disaster area.

(2) Business applicants must be organized as a proprietorship, partnership, LLC, or a corporation.

(3) Applicants must have been in operation before the date of the disaster.

~~(b) Eligible activities.~~ (c) Loan funds may be used to assist businesses only in their recovery efforts but are not available to provide relief from economic losses.

~~(c) Eligible costs.~~ (d) Eligible costs may include the following: repair of buildings, leasehold improvements, fixtures and/or equipment, loss of inventory, and cleanup costs.

~~(d)~~ (e) Ineligible activities include all of the following:

(1) ~~Ineligible applicants.~~ Any applicants not meeting the eligibility requirements outlined in this subdivision are ineligible to receive recovery loan funds.

(2) ~~Ineligible activities.~~ Funds may not be used for lending or investment operations, land speculation, or any activity deemed illegal by federal, state, or local law or ordinance.

(3) ~~Ineligible costs.~~ Ineligible costs include but are not limited to: economic injury losses, relocation, management fees, financing costs, franchise fees, debt consolidation, moving costs, refinancing debt existing prior to the date of the disaster, and operating costs.

~~(e)~~ (f) Loan application:

~~(1) Application process.~~ All parties seeking recovery loan funds must file an application with the local unit of government or development authority. Small Business Administration (SBA) application forms may be used. Applications must be transmitted in the form and manner prescribed by the commissioner.

~~(f) Application information.~~ (g) Only completed applications will be reviewed for consideration. Submittal of the following information constitutes a complete application:

(1) Minnesota investment fund recovery loan fund application;

(2) business SBA disaster application, if applicable;

(3) regional development organization or responsible local government application, if applicable;

(4) administrative contact;

(5) business release for local government to review SBA damage assessment/loss verification, if applicable;

(6) proof of loss statement from insurer;

(7) construction cost estimates;

(8) invoices for work completed;

(9) quotes for equipment;

(10) proposed security;

(11) company historical financial statements for the 24 months immediately prior to the application date;

(12) credit check release;

(13) number of jobs to be retained;

(14) wages paid;

(15) amount of loan request;

(16) documentation of damages incurred;

(17) property taxes paid and current;

(18) judgments, liens, agreements, consent decrees, stipulations for settlements, or other such actions which would prevent the applicant from participating in any program administered by the responsible local, state, or regional government;

(19) compliance with all applicable local ordinances and plans;

(20) documentation through financial and tax records that the business was a viable operating entity at the time of the flood;

(21) business tax identification number; and

(22) other documentation as requested.

~~(g)~~ (h) Incomplete applications will be assigned pending status and the applicant will be informed in writing of the missing documentation.

~~(h) Determination of eligibility.~~ (i) Applicant eligibility will be determined using criteria enumerated in paragraph ~~(a)~~ (b). A credit check for the company and each of its principal owners may be conducted. An owner's encumbrance report will be completed by the Recorder's Office.

(j) A grant recipient is eligible for assistance provided under this section only after the recipient has claimed all applicable private insurance and the recipient has utilized all other sources of applicable assistance available under the act appropriating funding for the grant.

Sec. 7. **[116J.8748] MINNESOTA JOB CREATION FUND.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Agreement" or "business subsidy agreement" means a business subsidy agreement under section 116J.994 that must include, but is not limited to: specification of the duration of the agreement, job goals and a timeline for achieving those goals over the duration of the agreement, construction and other investment goals and a timeline for achieving those goals over the duration of the agreement, and the value of benefits the firm may receive following achievement of construction and employment goals. The local government and business must report to the commissioner on the business performance using the forms developed by the commissioner.

(c) "Business" means an individual, corporation, partnership, limited liability company, association, or other entity.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees under paragraphs (g) and (h) are or will be employed and also includes construction materials, services, and supplies.

(e) "Commissioner" means the commissioner of employment and economic development.

(f) "Minnesota job creation fund business" means a business that is designated by the commissioner under subdivision 3.

(g) "New full-time employee" means an employee who:

(1) begins work at a Minnesota job creation fund business facility noted in a business subsidy agreement and following the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(h) "Retained job" means a full-time position:

(1) that existed at the facility prior to the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(i) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

Subd. 2. **Application.** (a) In order to qualify for designation as a Minnesota job creation fund business under subdivision 3, a business must submit an application to the local government entity where the facility is or will be located.

(b) A local government must submit the business application along with other application materials to the commissioner for approval.

(c) The applications required under paragraphs (a) and (b) must be in the form and be made under the procedures specified by the commissioner.

Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying, gambling, entertainment, professional sports, political consulting, leisure, hospitality, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend at least $500,000 in capital investment in a construction project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business and:

(i) create at least ten new full-time employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business; or

(ii) expend at least $25,000,000 in capital investment and retain at least 50 employees;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

(6) whether the business has viable location options outside Minnesota;

(7) the effect of financial assistance on industry competitors in Minnesota;

(8) financial contributions to the project made by local governments; and

(9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and construction goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed $500,000;

(2) an award of up to $500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed $500,000;

(3) up to $1,000,000 in capital investment rebates and $1,000,000 in job creation awards for projects that have at least $25,000,000 in capital investment and 200 new employees; and

(4) up to $1,000,000 in capital investment rebates for projects that have at least $25,000,000 in capital investment and 50 retained employees.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed $500,000 except as provided under paragraph (b), clauses (3) and (4).

(d) No rebates or award may be provided until the Minnesota job creation fund business has at least $500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on its capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. The commissioner may determine that a business not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to submit a new application and request to be a Minnesota job creation fund business. Notwithstanding any six-month goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Subd. 5. **Capital investment rebate.** (a) A qualified Minnesota job creation fund business is eligible for a rebate on the purchase and use of construction materials, services, and supplies used for or consumed in the construction project as described in the goals under the agreement provided under subdivision 1, paragraph (b).

(b) The rebate under this subdivision applies regardless of whether the purchases are made by the qualified Minnesota job creation fund business or a contractor hired to perform work or provide services at the qualified Minnesota job creation fund business location.

(c) Minnesota job creation fund businesses seeking the rebate for capital investment provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner of each department.

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained by the business using the following schedule: $1,000 for each job position paying annual wages at least $26,000 but less than $35,000; $2,000 for each job position paying at least $35,000 but less than $45,000; and $3,000 for each job position paying at least $45,000; and as noted in the goals under the agreement provided under subdivision 1.

(b) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.

(c) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 8. **[116J.9661] TRADE POLICY ADVISORY GROUP.**

Subdivision 1. **Establishment.** A trade policy advisory group is established to advise and assist the governor and the legislature regarding government procurement agreements of United States trade agreements.

Subd. 2. **Membership.** (a) The trade policy advisory group shall be appointed by the governor and comprised of 12 members as follows:

(1) two representatives of organized labor;

(2) a representative of an organization representing environmental interests;

(3) a representative of organizations representing family farmers;

(4) two representatives from business and industry;

(5) a representative of a nonprofit organization focused on international trade and development;

(6) the commissioner of employment and economic development or the commissioner's designee;

(7) two senators, including one member from the majority party and one member from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration of the senate; and

(8) two members of the house of representatives, including one member appointed by the speaker of the house and one member appointed by the minority leader.

(b) Members of the trade policy advisory group shall serve for a term of two years and may be reappointed. Members shall serve until their successors have been appointed.

(c) The trade policy advisory group may invite representatives from other state agencies, industries, trade and labor organizations, nongovernmental organizations, and local governments to join the group as nonvoting ex officio members.

Subd. 3. **Administration.** (a) The commissioner of employment and economic development or the commissioner's designee shall:

(1) coordinate with the other appointing authorities to designate their representatives; and

(2) provide meeting space and administrative services for the group.

(b) The members shall elect a chair from the legislative members of the working group. The chair will assume responsibility for convening future meetings of the group.

(c) Public members of the advisory group serve without compensation or payment of expenses.

Subd. 4. **Duties.** The trade policy advisory group shall:

(1) serve as an advisory group to the governor and the legislature on matters relating to government procurement agreements of United States trade agreements;

(2) assess the potential impact of government procurement agreements on the state's economy;

(3) advise the governor and the legislature of the group's findings and make recommendations, including any draft legislation necessary to implement the recommendations, to the governor and the legislature;

(4) determine, on a case-by-case basis, the impact of a specific government procurement agreement by requesting input from state agencies, seeking expert advice, convening public hearings, and taking other reasonable and appropriate actions;

(5) provide advice on other issues related to trade agreements other than government procurement agreements when specifically requested by the governor or the legislature;

(6) request information from the Office of the United States Trade Representative necessary to conduct an appropriate review of government procurement agreements or other trade issues as directed by the governor or the legislature; and

(7) receive information obtained by the United States Trade Representative's single point of contact for Minnesota.

Subd. 5. **Report.** The trade policy advisory group shall issue a report to the legislature with its findings and recommendations no less than once per fiscal year.

Sec. 9. **[116J.978] MINNESOTA TRADE OFFICES IN FOREIGN MARKETS.**

(a) The commissioner of employment and economic development shall establish three new Minnesota Trade Offices in key foreign markets selected for their potential to increase Minnesota exports and attract foreign direct investment.

(b) The commissioner shall establish a performance rating system for the new offices established under this section and create specific annual goals for the offices to meet. The commissioner shall monitor activities of the office, including, but not limited to, the number of inquiries and projects received and completed, meetings arranged between Minnesota companies and potential investors, distributors, or customers, and agreements signed.

Sec. 10. **[116J.979] MINNESOTA STEP GRANTS.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall create a State Trade and Export Promotion grants program, hereafter STEP grants, to provide financial and technical assistance to eligible Minnesota small businesses with an active interest in exporting products or services to foreign markets.

Subd. 2. **Grants.** Recipients may apply, on an application devised by the commissioner, for up to $7,500 in reimbursement for approved export-development activities, including, but not limited to:

(1) participation in trade missions;

(2) export training;

(3) exhibition at trade shows or industry-specific events;

(4) translation of marketing materials;

(5) development of foreign language Web sites, Gold Key, or other business matchmaking services;

(6) company-specific international sales activities; and

(7) testing and certification required to sell products in foreign markets.

Sec. 11. **[116J.9801] INVEST MINNESOTA.**

The commissioner shall establish the Invest Minnesota marketing initiative. This initiative must focus on branding the state's economic development initiatives and promoting Minnesota business opportunities. The initiative may include measures to communicate the benefits of doing business in Minnesota to companies considering relocating, establishing a United States presence, or expanding.

Sec. 12. **[116L.191] WORKFORCE CENTER; CREDENTIAL ASSISTANCE.**

(a) The commissioner shall provide at local workforce centers services that assist individuals in identifying and obtaining industry-recognized credentials for jobs, particularly jobs in high demand. The workforce centers must consult and cooperate with training institutions, particularly postsecondary institutions, to identify credential programs to individuals.

(b) Each workforce center shall provide information under section 116J.4011, paragraph (b), clause (3), linked as a shortcut from the desktop of each workforce center computer and available in hard copy. Prominent signs should be posted in workforce centers directing individuals to where they can find a list of top job vacancies and related credential information.

Sec. 14. Minnesota Statutes 2012, section 136F.37, is amended to read:

136F.37 JOB PLACEMENT IMPACT ON PROGRAM REVIEW; INFORMATION TO STUDENTS.

Subdivision 1. **Colleges; technical occupational program.** The board must assess labor market data when conducting college program reviews. Colleges must provide prospective students with the job placement rate for graduates of technical and occupational programs offered at the colleges.

Subd. 2. **DEED labor market survey; MnSCU usage and disclosure.** The data assessed under subdivision 1 must include labor market data compiled by the Department of Employment and Economic Development under section 116J.4011. The board and its colleges and universities must use this market data when deciding upon course and program offerings. The board must provide a link to this labor market data on its Internet portal.

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

Sec. 15. Minnesota Statutes 2012, section 245.4712, subdivision 1, is amended to read:

Subdivision 1. **Availability of community support services.** (a) County boards must provide or contract for sufficient community support services within the county to meet the needs of adults with serious and persistent mental illness who are residents of the county. Adults may be required to pay a fee according to section 245.481. The community support services program must be designed to improve the ability of adults with serious and persistent mental illness to:

(1) ~~work in a regular or supported work environment~~ find and maintain competitive employment;

(2) handle basic activities of daily living;

(3) participate in leisure time activities;

(4) set goals and plans; and

(5) obtain and maintain appropriate living arrangements.

The community support services program must also be designed to reduce the need for and use of more intensive, costly, or restrictive placements both in number of admissions and length of stay.

(b) Community support services are those services that are supportive in nature and not necessarily treatment oriented, and include:

(1) conducting outreach activities such as home visits, health and wellness checks, and problem solving;

(2) connecting people to resources to meet their basic needs;

(3) finding, securing, and supporting people in their housing;

(4) attaining and maintaining health insurance benefits;

(5) assisting with job applications, finding and maintaining employment, and securing a stable financial situation;

(6) fostering social support, including support groups, mentoring, peer support, and other efforts to prevent isolation and promote recovery; and

(7) educating about mental illness, treatment, and recovery.

(c) Community support services shall use all available funding streams. The county shall maintain the level of expenditures for this program, as required under section 245.4835. County boards must continue to provide funds for those services not covered by other funding streams and to maintain an infrastructure to carry out these services. The county is encouraged to fund evidence-based practices such as individual placement and support supported employment and illness management and recovery.

(d) The commissioner shall collect data on community support services programs, including, but not limited to, demographic information such as age, sex, race, the number of people served, and information related to housing, employment, hospitalization, symptoms, and satisfaction with services.

Sec. 16. Minnesota Statutes 2012, section 268A.13, is amended to read:

268A.13 EMPLOYMENT SUPPORT SERVICES FOR PERSONS WITH MENTAL ILLNESS.

The commissioner of employment and economic development, in cooperation with the commissioner of human services, shall develop a statewide program of grants as outlined in section 268A.14 to provide services for persons with mental illness who want to work in supported employment. Projects funded under this section must: (1) assist persons with mental illness in obtaining and retaining competitive employment; (2) emphasize individual ~~community placements for clients~~ client preferences; (3) ensure interagency collaboration at the local level between vocational rehabilitation field offices, county service agencies, community support programs operating under the authority of section 245.4712, and community rehabilitation providers, in assisting clients; (4) ensure services are integrated with mental health treatment; (5) provide benefits counseling; (6) conduct rapid job search; and ~~(4)~~ (7) involve clients in the planning, development, oversight, and delivery of support services. Project funds may not be used to provide services in segregated settings such as the center-based employment subprograms as defined in section 268A.01.

The commissioner of employment and economic development, in consultation with the commissioner of human services, shall develop a request for proposals which is consistent with the requirements of this section and section 268A.14 and which specifies the types of services that must be provided by grantees. Priority for funding shall be given to organizations ~~with experience in developing innovative employment support services for persons with mental illness~~ carrying out evidence-based practices. Each applicant for funds under this section shall submit an evaluation protocol as part of the grant application.

Sec. 17. Minnesota Statutes 2012, section 268A.14, subdivision 1, is amended to read:

Subdivision 1. **Employment support services and programs.** The commissioner of employment and economic development, in cooperation with the commissioner of human services, shall operate a statewide system to reimburse providers for employment support services for persons with mental illness. The system shall be operated to support employment programs and services where:

(1) services provided are readily accessible to all persons with mental illness who want to work, including rapid competitive job search, so they can make progress toward economic self-sufficiency;

(2) services provided are made an integral part of all mental health treatment and rehabilitation programs for persons with mental illness to ensure that they have the ability and opportunity to consider a variety of work options;

(3) programs help persons with mental illness form long-range plans for employment that fit their skills and abilities by ensuring that ongoing time-unlimited support, crisis management, placement, and career planning services are available;

(4) services provided give persons with mental illness the information needed to make informed choices about employment expectations and options, including information on the types of employment available in the local community, the types of employment services available, the impact of employment on eligibility for governmental benefits, and career options;

(5) programs assess whether persons with mental illness being serviced are satisfied with the services and outcomes. Satisfaction assessments shall address at least whether persons like their jobs, whether quality of life is improved, whether potential for advancement exists, and whether there are adequate support services in place;

(6) programs encourage persons with mental illness being served to be involved in employment support services issues by allowing them to participate in the development of individual rehabilitation plans and to serve on boards, committees, task forces, and review bodies that shape employment services policies and that award grants, and by encouraging and helping them to establish and participate in self-help and consumer advocacy groups;

(7) programs encourage employers to expand employment opportunities for persons with mental illness and, to maximize the hiring of persons with mental illness, educate employers about the needs and abilities of persons with mental illness and the requirements of the Americans with Disabilities Act;

(8) programs encourage persons with mental illness, vocational rehabilitation professionals, and mental health professionals to learn more about current work incentive provisions in governmental benefits programs;

(9) programs establish and maintain linkages with a wide range of other programs and services, including educational programs, housing programs, economic assistance services, community support services, and clinical services to ensure that persons with mental illness can obtain and maintain employment;

(10) programs participate in ongoing training across agencies and service delivery systems so that providers in human services systems understand their respective roles, rules, and responsibilities and understand the options that exist for providing employment and community support services to persons with mental illness; and

(11) programs work with local communities to expand system capacity to provide access to employment services to all persons with mental illness who want them.

Sec. 18. **[383D.412] DAKOTA COUNTY COMMUNITY DEVELOPMENT AGENCY; MINNESOTA INVESTMENT FUND.**

Subdivision 1. **Treatment.** As long as the conditions set forth in subdivision 2 are met and notwithstanding the provisions of section 116J.8731, the Dakota County Community Development Agency will be treated as if it were a general purpose local governmental unit and may apply for and receive state-funded money from the Minnesota investment fund.

Subd. 2. **Conditions precedent.** Conditions precedent to the treatment of the Dakota County Community Development Agency as a general purpose local governmental unit as described in subdivision 1 are:

(a) the board of commissioners of Dakota County shall have adopted a resolution approving such treatment of the Dakota County Community Development Agency, and such resolution shall be in full force and effect and shall not have been revoked by Dakota County; and

(b) the members of the board of commissioners of Dakota County shall be the same persons as the members of the board of commissioners of the Dakota County Community Development Agency.

Sec. 19. **EMPLOYMENT SUPPORT AND INDEPENDENT LIVING SERVICES FOR INDIVIDUALS WITH HIGH-FUNCTIONING AUTISM, ASPERGER'S SYNDROME, NONVERBAL LEARNING DISORDERS, AND PERVASIVE DEVELOPMENT DISORDER, NOT OTHERWISE SPECIFIED; PILOT PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "Communication" means the ability to effectively give and receive information through spoken words, writing, speaking, listening, or other means of communication, including but not limited to nonverbal expressions, gestures, or other adaptive methods.

(c) "Functional areas" means communication, interpersonal skills, mobility, self-care, self-direction, preemployment skills, work tolerance, and independent living skills.

(d) "Independent living assessment" means an active, performance-based skill assessment in the functional areas of communication, interpersonal skills, mobility, self-care, self-direction, preemployment skills, and independent living skills, that provides an analysis of the individual's ability to independently achieve certain skills and which is performed through direct observation.

(e) "Interpersonal skills" means the ability to establish and maintain personal, family, work, and community relationships.

(f) "Mobility" means the physical and psychological ability to move about from place to place, including travel to and from destinations in the community for activities of daily living, training, or work.

(g) "Natural supports" means the process of assisting an employer to expand its capacity for training, supervising, and supporting workers with disabilities.

(h) "Ongoing employment support services" means any of the following services:

(1) facilitation of natural supports at the work site;

(2) disability awareness training for the worker, the worker's employer, supervisor, or coworkers;

(3) services necessary to increase the worker's inclusion at the work site;

(4) job skills training at the work site;

(5) regular observation or supervision of the worker;

(6) coordination of support services;

(7) job-related safety training;

(8) job-related advocacy skills training to advance employment;

(9) training in independent living skills and support including self-advocacy, money management and organization, grooming and personal care, communication, interpersonal skills, problem solving, orientation and mobility, and using public transportation or driver's training;

(10) follow-up services necessary to reinforce and stabilize employment, including regular contact with the worker's employer, supervisor or coworkers, parents, family members, advocates, legal representatives, other suitable professionals, and informed advisors;

(11) training in job seeking skills; and

(12) internships or career planning to assist the individual's advancement in meaningful employment.

(i) "Preemployment skills" means the abilities and skills to successfully apply for, secure, and maintain competitive employment.

(j) "Self-care" means skills needed to manage one's self or living environment, including but not limited to money management, personal health care, personal hygiene, and safety needs, including medication management.

(k) "Self-direction" means the ability to plan, initiate, organize, or carry out goal-directed activities or solve problems related to self-care, socialization, recreation, and working independently.

(l) "Severe impairment to employment" means limitations experienced by persons diagnosed with high-functioning autism, Asperger's syndrome, nonverbal learning disorders, or pervasive development disorder, not otherwise specified, due to an extended history of unemployment or underemployment; limited education, training, or job skills; and physical, intellectual, or emotional characteristics that seriously impair the individual's ability to obtain and retain permanent employment.

(m) "Work tolerance" means the ability to effectively and efficiently perform jobs with various levels of sensory and environmental components including scent, noise, visual stimuli, physical space, and psychological demands.

Subd. 2. **Employment support plan and outcomes.** An individual participating in the program under this section must develop an employment support plan that includes:

(1) employment goals;

(2) ongoing support services;

(3) program outcomes that focus on competitive employment in the community; and

(4) ongoing independent living services and employment supports necessary for the individual to secure, maintain, and advance in employment that best fits the individual's strengths and career goals."

Page 83, delete article 5 and insert:

"ARTICLE 5
MISCELLANEOUS

Section 1. Minnesota Statutes 2012, section 154.001, is amended by adding a subdivision to read:

Subd. 4. **Comprehensive examination.** "Comprehensive examination" means all parts of a test administered by the board, including but not limited to written, oral, and practical components.

Sec. 2. Minnesota Statutes 2012, section 154.003, is amended to read:

154.003 FEES.

(a) The fees collected, as required in this chapter, chapter 214, and the rules of the board, shall be paid to the board. The board shall deposit the fees in the general fund in the state treasury.

(b) The board shall charge the following fees:

(1) examination and certificate, registered barber, $85;

(2) retake of written examination, registered barber, $10;

~~(2)~~ (3) examination and certificate, apprentice, $80;

(4) retake of written examination, apprentice, $10;

~~(3)~~ (5) examination, instructor, $180;

~~(4)~~ (6) certificate, instructor, $65;

~~(5)~~ (7) temporary teacher or apprentice permit, $80;

~~(6)~~ (8) renewal of license, registered barber, $80;

~~(7)~~ (9) renewal of license, apprentice, $70;

~~(8)~~ (10) renewal of license, instructor, $80;

~~(9)~~ (11) renewal of temporary teacher permit, $65;

~~(10)~~ (12) student permit, $45;

(13) renewal of student permit, $25;

~~(11)~~ (14) initial shop registration, $85;

~~(12)~~ (15) initial school registration, $1,030;

~~(13)~~ (16) renewal shop registration, $85;

~~(14)~~ (17) renewal school registration, $280;

~~(15)~~ (18) restoration of registered barber license, $95;

~~(16)~~ (19) restoration of apprentice license, $90;

~~(17)~~ (20) restoration of shop registration, $105;

~~(18)~~ (21) change of ownership or location, $55;

~~(19)~~ (22) duplicate license, $40; ~~and~~

~~(20)~~ (23) home study course, ~~$95~~ $75;

(24) letter of license verification, $25; and

(25) reinspection, $100.

Sec. 3. Minnesota Statutes 2012, section 154.02, is amended to read:

154.02 WHAT CONSTITUTES BARBERING.

Any one or any combination of the following practices when done upon the head and neck for cosmetic purposes and not for the treatment of disease or physical or mental ailments and when done for payment directly or indirectly or without payment for the public generally constitutes the practice of barbering within the meaning of sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26: to shave the face or neck, trim the beard, cut or bob the hair of any person of either sex for compensation or other reward received by the person performing such service or any other person; to give facial and scalp massage or treatments with oils, creams, lotions, or other preparations either by hand or mechanical appliances; to singe, shampoo the hair, or apply hair tonics; or to apply cosmetic preparations, antiseptics, powders, oils, clays, or lotions to hair, scalp, face, or neck.

Sec. 4. Minnesota Statutes 2012, section 154.05, is amended to read:

154.05 WHO MAY RECEIVE CERTIFICATES OF REGISTRATION AS A REGISTERED BARBER.

A person is qualified to receive a certificate of registration as a registered barber:

(1) who is qualified under the provisions of section 154.06;

(2) who has practiced as a registered apprentice for a period of 12 months under the immediate personal supervision of a registered barber; and

(3) who has passed an examination conducted by the board to determine fitness to practice barbering.

An apprentice applicant for a certificate of registration to practice as a registered barber who fails to pass the comprehensive examination conducted by the board and who fails to pass a onetime retake of the written examination, shall continue to practice as an apprentice for an additional ~~two months~~ 300 hours before being ~~again entitled to take~~ eligible to retake the comprehensive examination ~~for a registered barber~~ as many times as necessary to pass.

Sec. 5. Minnesota Statutes 2012, section 154.06, is amended to read:

154.06 WHO MAY RECEIVE CERTIFICATES OF REGISTRATION AS A REGISTERED APPRENTICE.

A person is qualified to receive a certificate of registration as a registered apprentice:

(1) who has completed at least ten grades of an approved school;

(2) who has graduated from a barber school approved by ~~the~~ a barber board within the previous four years; and

(3) who has passed an examination conducted by the board to determine fitness to practice as a registered apprentice. An applicant who graduated from a barber school approved by a barber board more than four years prior to application is required to complete a further course of study of at least 500 hours.

An applicant for ~~a~~ an initial certificate of registration to practice as an apprentice, who fails to pass the comprehensive examination conducted by the board, and who fails to pass a onetime retake of the written examination, is required to complete a further course of study of at least 500 hours, of not more than eight hours in any one working day, in a barber school approved by the board before being eligible to retake the comprehensive examination as many times as necessary to pass.

A certificate of registration of an apprentice shall be valid for four years ~~from the date the certificate of registration is issued by the board~~ and shall not be renewed for a fifth year. During the four-year period the certificate of registration shall remain in full force and effect only if the apprentice complies with all the provisions of sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26, including the payment of an annual fee, and the rules of the board.

If a registered apprentice, during the term in which the certificate of registration is in effect, enters full-time active duty in the armed forces of the United States of America, the expiration date of the certificate of registration shall be extended by a period of time equal to the period or periods of active duty.

If a registered apprentice graduates from a barber school approved by the board and is issued a certificate of registration while incarcerated by the Department of Corrections of the Federal Bureau of Prisons, the expiration date of the certificate of registration shall be extended one time so that it expires four years from the date of first release from a correctional facility.

Sec. 6. Minnesota Statutes 2012, section 154.065, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** A person is qualified to receive a certificate of registration as an instructor of barbering who:

(1) is a graduate ~~from~~ of an approved high school, or its equivalent, as determined by examination by the Department of Education;

(2) has ~~qualified for a teacher's or instructor's vocational certificate;~~ successfully completed vocational instructor training from a board-approved program or accredited college or university program that includes the following courses or their equivalents as determined by the board:

(i) introduction to career and technical education training;

(ii) philosophy and practice of career and technical education;

(iii) course development for career and technical education;

(iv) instructional methods for career and technical education; and

(v) human relations;

(3) is currently a registered barber and has at least three years experience as a registered barber in this state, or its equivalent as determined by the board; and

(4) has passed an examination conducted by the board to determine fitness to instruct in barbering.

~~A certificate of registration under this section is provisional until a teacher's or instructor's vocational certificate has been issued by the Department of Education. A provisional certificate of registration is valid for 30 days and is not renewable.~~

Sec. 7. Minnesota Statutes 2012, section 154.07, subdivision 1, is amended to read:

Subdivision 1. **Admission requirements; course of instruction.** No barber school shall be approved by the board unless it requires, as a prerequisite to admission, ten grades of an approved school or its equivalent, as determined by an examination conducted by the commissioner of education, which shall issue a certificate that the student has passed the required examination, and unless it requires, as a prerequisite to graduation, a course of instruction of at least 1,500 hours, of not more than eight hours in any one working day. The course of instruction must include the following subjects: scientific fundamentals for barbering; hygiene; practical study of the hair, skin, muscles, and nerves; structure of the head, face, and neck; elementary chemistry relating to sterilization and antiseptics; diseases of the skin, hair, and glands; massaging and manipulating the muscles of the face and neck; haircutting; shaving; trimming the beard; bleaching, tinting and dyeing the hair; and the chemical waving and straightening of hair.

Sec. 8. Minnesota Statutes 2012, section 154.08, is amended to read:

154.08 APPLICATION; FEE.

Each applicant for an examination shall:

(1) make application to the Board of Barber Examiners on blank forms prepared and furnished by it, the application to contain proof under the applicant's oath of the particular qualifications and identity of the applicant;

(2) ~~furnish to the board two five inch x three inch signed photographs of the applicant, one to accompany the application and one to be returned to the applicant, to be presented to the board when the applicant appears for examination~~ provide all documentation required in support of the application; ~~and~~

(3) pay to the board the required fee; and

(4) present a government-issued photo identification as proof of identity upon application and when the applicant appears for examination.

Sec. 9. Minnesota Statutes 2012, section 154.09, is amended to read:

154.09 EXAMINATIONS, CONDUCT AND SCOPE.

The board shall conduct examinations of applicants for certificates of registration to practice as barbers and apprentices not more than six times each year, at such time and place as the board may determine. Additional written examinations may be scheduled by the board and conducted by board staff as designated by the board. The proprietor of a barber school must file an affidavit ~~shall be filed~~ with the board ~~by the proprietor of a barber school that~~ of hours completed by students applying to take the apprentice examination ~~have completed~~. Students must complete 1,500 hours in a barber school ~~registered with~~ approved by the board.

The examination of applicants for certificates of registration as barbers and apprentices shall include ~~both~~ a practical demonstration and a written and oral test ~~and embrace~~. The examination must cover the subjects usually taught in barber schools registered with the board.

Sec. 10. Minnesota Statutes 2012, section 154.10, subdivision 1, is amended to read:

Subdivision 1. **Application.** Each applicant for an initial certificate of registration shall make application to the board on forms prepared and furnished by the board with proof under oath of the particular qualifications and identity of each applicant. This application shall be accompanied by a fee prescribed by law or the rules of the board to defray the expenses of making investigation and for the examination of such applicant.

Sec. 11. Minnesota Statutes 2012, section 154.11, subdivision 1, is amended to read:

Subdivision 1. **Examination of nonresidents.** A person who meets all of the requirements for barber registration in sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 and either has a license, certificate of registration, or an equivalent as a practicing barber or instructor of barbering from another state or country which in the discretion of the board has substantially the same requirements for registering barbers and instructors of barbering as required by sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 or can prove by sworn affidavits practice as a barber or instructor of barbering in another state or country for at least five years immediately prior to making application in this state, shall, upon payment of the required fee, be issued a certificate of registration without examination~~, provided that the other state or country grants the same privileges to holders of Minnesota certificates of registration~~.

Sec. 12. Minnesota Statutes 2012, section 154.12, is amended to read:

154.12 EXAMINATION OF NONRESIDENT APPRENTICES.

A person who meets all of the requirements for registration as a barber in sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26 and who has a license, a certificate of registration, or its equivalent as an apprentice in a state or country which in the discretion of the board has substantially the same requirements for registration as an apprentice as is provided by sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26, shall, upon payment of the required fee, be issued a certificate of registration without examination~~, provided that the other state or country grants the same privileges to holders of Minnesota certificates of registration~~.

Sec. 13. Minnesota Statutes 2012, section 154.14, is amended to read:

154.14 CERTIFICATES OF REGISTRATION AND TEMPORARY PERMITS TO BE DISPLAYED.

Every holder of a certificate of registration as a registered barber or registered apprentice or temporary apprentice permit shall display ~~it~~ the certificate or permit, with a photograph of the certificate or permit holder that meets the same standards as required for a United States passport, in a conspicuous place adjacent to or near the chair where work is performed. Every holder of a certificate of registration as an instructor of barbering or ~~as a barber school, of~~ a temporary permit as an instructor of barbering~~,~~ shall display the certificate or permit, with a photograph of the certificate or permit holder that meets the same standards as required for a United States passport, in a conspicuous place accessible to the public. Every holder of a certificate of registration as a barber school and of a shop registration card shall display it in a conspicuous place accessible to the public.

Sec. 14. Minnesota Statutes 2012, section 154.15, subdivision 2, is amended to read:

Subd. 2. **Effect of failure to renew.** A registered barber or a registered apprentice who has not renewed a certificate of registration may be reinstated within ~~one year~~ four years of such failure to renew without examination upon the payment of the required restoration fee for each year the certificate is lapsed. A registered instructor of barbering who has not renewed a certificate of registration may be reinstated within ~~three~~ four years of such failure to renew without examination upon payment of the required restoration fee for each year the certificate is lapsed. All registered barbers and registered apprentices who allow their certificates of registration to lapse for more than ~~one year~~ four years shall be required to reexamine before being issued a certificate of registration. All registered instructors of barbering who allow their certificates of registration to lapse for more than ~~three~~ four years shall be required to reexamine before being issued a certificate of registration. A barber shop owner who has not renewed the barber shop certificate for more than one year may reinstate the barber shop registration upon payment of the restoration fee for each year the shop card was lapsed. If lapsed or unlicensed status is discovered by the barber inspector during inspection, penalties under section 154.162 shall apply.

Sec. 15. **[154.162] ADMINISTRATIVE PENALTIES.**

The board shall impose and collect the following penalties:

(1) missing or lapsed shop registration discovered upon inspection; penalty imposed on shop owner: $500;

(2) unlicensed or unregistered apprentice or registered barber, first occurrence discovered upon inspection; penalty imposed on shop owner and unlicensed or unregistered individual: $500; and

(3) unlicensed or unregistered apprentice or registered barber, second occurrence discovered upon inspection; penalty imposed on shop owner and unlicensed or unregistered individual: $1,000.

Sec. 16. Minnesota Statutes 2012, section 154.26, is amended to read:

154.26 MUNICIPALITIES ~~MAY REGULATE HOURS~~; REGULATION AUTHORIZED.

The governing body of any city of this state may regulate by ordinance the opening and closing hours of barber shops within its municipal limits in addition to all other applicable local regulations.

Sec. 17. **[154.27] MISREPRESENTATION.**

No person shall represent themselves to the public, solicit business, advertise as a licensed barber or as operating a licensed barber shop, use the title or designation of barber or barber shop, or engage in any other act or practice that would create the impression to members of the public that the person is a licensed barber or is operating a licensed barber shop unless the person holds the appropriate license under this chapter.

Sec. 19. Minnesota Statutes 2012, section 155A.23, subdivision 3, is amended to read:

Subd. 3. **Cosmetology.** "Cosmetology" is the practice of personal services, for compensation, for the cosmetic care of the hair, nails, and skin. These services include cleaning, conditioning, shaping, reinforcing, coloring and enhancing the body surface in the areas of the head, scalp, face, arms, hands, legs, ~~and~~ feet, and trunk of the body, except where these services are performed by a barber under sections 154.001, 154.002, 154.003, 154.01 to 154.161, 154.19 to 154.21, and 154.24 to 154.26.

Sec. 20. Minnesota Statutes 2012, section 155A.23, subdivision 8, is amended to read:

Subd. 8. **Manager.** A "manager" is any person who conducts, operates, or manages a cosmetology school or salon and who also instructs in or provides any services, as defined in subdivision 3. A school manager must maintain an active salon manager's license.

Sec. 21. Minnesota Statutes 2012, section 155A.23, subdivision 11, is amended to read:

Subd. 11. **Instructor.** An "instructor" is any person employed by a school to prepare and present the theoretical and practical education of cosmetology to persons who seek to practice cosmetology. An instructor must maintain an active operator or manager's license in the area in which the instructor holds an instructor's license.

Sec. 22. Minnesota Statutes 2012, section 155A.25, subdivision 1a, is amended to read:

Subd. 1a. **Schedule.** The fee schedule for licensees is as follows ~~for licenses issued after June 30, 2010, and prior to July 1, 2013~~:

(a) Three-year license fees:

(1) cosmetologist, nail technician manicurist, or esthetician:

(i) $90 for each initial license and a $40 nonrefundable initial license application fee, for a total of $130; and

(ii) $60 for each renewal and a $15 nonrefundable renewal application fee, for a total of $75;

(2) instructor or manager:

(i) $120 for each initial license and a $40 nonrefundable initial license application fee, for a total of $160; and

(ii) $90 for each renewal and a $15 nonrefundable renewal application fee, for a total of $105;

(3) salon:

(i) $130 for each initial license and a $100 nonrefundable initial license application fee, for a total of $230; and

(ii) $100 for each renewal and a $50 nonrefundable renewal application fee, for a total of $150; and

(4) school:

(i) $1,500 for each initial license and a $1,000 nonrefundable initial license application fee, for a total of $2,500; and

(ii) $1,500 for each renewal and a $500 nonrefundable renewal application fee, for a total of $2,000.

(b) Penalties:

(1) reinspection fee, variable;

(2) manager and owner with lapsed practitioner found on inspection, $150 each;

(3) lapsed practitioner or instructor found on inspection, $200;

(4) lapsed salon found on inspection, $500;

(5) lapsed school found on inspection, $1,000;

(6) failure to display current license, $100;

(7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, paragraph (a), $500;

(8) use of prohibited razor-type callus shavers, rasps, or graters under section 155A.355, $500;

(9) performing manicuring or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in manicure salon, $500;

(10) owner and manager allowing an operator to work as an independent contractor, $200;

(11) operator working as an independent contractor, $100;

(12) refusal or failure to cooperate with an inspection, $500;

~~(3)~~ (13) expired cosmetologist, manicurist, esthetician, manager, school manager, and instructor license, $45; and

~~(4)~~ (14) expired salon or school license, $50.

(c) Administrative fees:

(1) certificate of identification, $20;

(2) name change, $20;

(3) letter of license verification, $30;

(4) duplicate license, $20;

(5) processing fee, $10;

(6) special event permit, $75 per year; and

(7) registration of hair braiders, $20 per year.

Sec. 23. Minnesota Statutes 2012, section 155A.25, subdivision 4, is amended to read:

Subd. 4. **License expiration date.** The board shall, in a manner determined by the board and without the need for rulemaking under chapter 14, phase in changes to initial and renewal license expiration dates so that by January 1, 2014:

(1) individual licenses expire on the last day of the licensee's birth month of the year due; and

(2) salon and school licenses expire on the last day of the month of initial licensure of the year due.

Sec. 24. Minnesota Statutes 2012, section 155A.27, subdivision 4, is amended to read:

Subd. 4. **Testing.** All theory, practical, and Minnesota law and rule testing must be done by a board-approved provider. Appropriate standardized tests shall be used and shall include subject matter relative to the application of Minnesota law. In every case, the primary consideration shall be to safeguard the health and safety of consumers by determining the competency of the applicants to provide the services indicated.

Sec. 25. Minnesota Statutes 2012, section 155A.27, subdivision 10, is amended to read:

Subd. 10. **Nonresident licenses.** (a) A nonresident cosmetologist, manicurist, or esthetician may be licensed in Minnesota if the individual has completed cosmetology school in a state or country with the same or greater school hour requirements, has an active license in that state or country, and has passed a board-approved theory and practice-based examination, the Minnesota-specific written operator examination for cosmetologist, manicurist, or esthetician. If a test is used to verify the qualifications of trained cosmetologists, the test should be translated into the nonresident's native language within the limits of available resources. Licenses shall not be issued under this subdivision for managers or instructors.

(b) If an individual has less than the required number of school hours, the individual must have had a current active license in another state or country for at least three years and have passed a board-approved theory and practice-based examination, or the Minnesota-specific written operator examination for cosmetologist, manicurist, or esthetician. If a test is used to verify the qualifications of trained cosmetologists, the test should be translated into the nonresident's native language within the limits of available resources. Licenses must not be issued under this subdivision for managers or instructors.

(c) Applicants claiming training and experience in a foreign country shall supply official English-language translations of all required documents from a board-approved source.

Sec. 26. Minnesota Statutes 2012, section 155A.29, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) The conditions and process by which a salon is licensed shall be established by the board by rule. In addition to those requirements, no license shall be issued unless the board first determines that the conditions in clauses (1) to (5) have been satisfied:

(1) compliance with all local and state laws, particularly relating to matters of sanitation, health, and safety;

(2) the employment of a manager, as defined in section 155A.23, subdivision 8;

~~(3) inspection and licensing prior to the commencing of business;~~

~~(4)~~ (3) if applicable, evidence of compliance with section 176.182; and

~~(5)~~ (4) evidence of continued professional liability insurance coverage of at least $25,000 for each claim and $50,000 total coverage for each policy year for each operator.

(b) A licensed esthetician or manicurist who complies with the health, safety, sanitation, inspection, and insurance rules promulgated by the board to operate a salon solely for the performance of those personal services defined in section 155A.23, subdivision 5, in the case of an esthetician, or subdivision 7, in the case of a manicurist.

Sec. 27. Minnesota Statutes 2012, section 155A.30, is amended by adding a subdivision to read:

Subd. 11. **Instruction requirements.** (a) Instruction may be offered for no more than ten hours per day per student.

(b) Instruction must be given within a licensed school building. Online instruction is permitted for board-approved theory-based classes. Practice-based classes must not be given online.

Sec. 28. **[155A.355] PROHIBITED USES.**

(a) Single-use equipment, implements, or materials that are made or constructed of paper, wood, or other porous materials must only be used for one application or client service. Presence of used articles in the work area is prima facie evidence of reuse. Failure to dispose of the materials in this paragraph is punishable by penalty under section 155A.25, subdivision 1a, paragraph (b), clause (7).

(b) Razor-type callus shavers, rasps, or graters designed and intended to cut growths of skin such as corns and calluses, including but not limited to credo blades, are prohibited. Presence of these articles in the work area is prima facie evidence of use and may be punishable by penalty in section 155A.25, subdivision 1a, paragraph (b), clause (8);

(c) Licensees must not use any of the following substances or products in performing cosmetology services:

(1) methyl methacrylate liquid monomers, also known as MMA; and

(2) fumigants, including but not limited to formalin tablets or formalin liquids.

Sec. 29. **[179.90] OFFICE OF COLLABORATION AND DISPUTE RESOLUTION.**

The commissioner of mediation services shall establish an Office of Collaboration and Dispute Resolution within the bureau. The office must:

(1) promote the broad use of community mediation in the state, ensuring that all areas of the state have access to services by providing grants to private nonprofits entities certified by the state court administrator under chapter 494 that assist in resolution of disputes;

(2) assist state agencies, offices of the executive, legislative, and judicial branches, and units of local government in improving collaboration and dispute resolution;

(3) support collaboration and dispute resolution in the public and private sector by providing technical assistance and information on best practices and new developments in dispute resolution options;

(4) educate the public and governmental entities on dispute resolution options; and

(5) promote and utilize collaborative dispute resolution models and processes based on documented best practices including, but not limited to, the Minnesota Solutions model:

(i) establishing criteria and procedures for identification and assessment of dispute resolution projects;

(ii) designating projects and appointing impartial convenors by the commissioner or the commissioner's designee;

(iii) forming multidisciplinary conflict resolution teams; and

(iv) utilizing collaborative techniques, processes, and standards through facilitated meetings until consensus among parties is reached in resolving a dispute.

Sec. 30. **[179.91] GRANTS.**

Subdivision 1. **Authority.** The commissioner of mediation services shall to the extent funds are appropriated for this purpose, make grants to private nonprofit community mediation entities certified by the state court administrator under chapter 494 that assist in resolution of disputes. The commissioner shall establish a grant review committee to assist in the review of grant applications and the allocation of grants under this section.

Subd. 2. **Eligibility.** To be eligible for a grant under this section, a nonprofit organization must meet the requirements of section 494.05, subdivision 1, clauses (1), (2), (4), and (5).

Subd. 3. **Conditions and exclusions.** A nonprofit entity receiving a grant must agree to comply with guidelines adopted by the state court administrator under section 494.015, subdivision 1. Sections 16B.97 and 16B.98 and policies adopted under those sections apply to grants under this section. The exclusions in section 494.03 apply to grants under this section.

Subd. 4. **Reporting.** Grantees must report data required under chapter 494 to evaluate quality and outcomes.

Sec. 31. Minnesota Statutes 2012, section 326A.04, subdivision 2, is amended to read:

Subd. 2. **Timing.** (a) Certificates must be initially issued and renewed ~~for periods of not more than three years~~ annually but in any event must expire on December 31 in the year prescribed by the board by rule. Applications for certificates must be made in the form, and in the case of applications for renewal between the dates, specified by the board in rule. The board shall grant or deny an application no later than 90 days after the application is filed in proper form. If the applicant seeks the opportunity to show that issuance or renewal of a certificate was mistakenly denied, or if the board is unable to determine whether it should be granted or denied, the board may issue to the applicant a provisional certificate that expires 90 days after its issuance, or when the board determines whether or not to issue or renew the certificate for which application was made, whichever occurs first.

(b) Certificate holders who do not provide professional services and do not use the certified public accountant designation in any manner are not required to renew their certificates provided they have notified the board as provided in board rule and comply with the requirements for nonrenewal as specified in board rule.

(c) Applications for renewal of a certificate that are complete and timely filed with the board and are not granted or denied by the board before January 1 are renewed on a provisional basis as of January 1 and for 90 days thereafter, or until the board grants or denies the renewal of the certificate, whichever occurs first, provided the licensee meets the requirements in this chapter and rules adopted by the board.

EFFECTIVE DATE. This section is effective for licenses issued or renewed after January 1, 2014.

Sec. 32. Minnesota Statutes 2012, section 326A.04, subdivision 3, is amended to read:

Subd. 3. **Residents of other states.** (a) With regard to an applicant who must obtain a certificate in this state because the applicant does not qualify under the substantial equivalency standard in section 326A.14, subdivision 1, the board shall issue a certificate to a holder of a certificate, license, or permit issued by another state upon a showing that:

(1) the applicant passed the examination required for issuance of a certificate in this state;

(2) the applicant had four years of experience of the type described in section 326A.03, subdivision 6, paragraph (b)~~, if application is made on or after July 1, 2006, or section 326A.03, subdivision 8, if application is made before July 1, 2006~~; or the applicant meets equivalent requirements prescribed by the board by rule, after passing the examination upon which the applicant's certificate was based and within the ten years immediately preceding the application;

(3) if the applicant's certificate, license, or permit was issued more than four years prior to the application for issuance of an initial certificate under this subdivision, that the applicant has fulfilled the requirements of continuing professional education that would have been applicable under subdivision 4; and

(4) the applicant has met the qualifications prescribed by the board by rule.

(b) A certificate holder licensed by another state who establishes a principal place of business in this state shall request the issuance of a certificate from the board prior to establishing the principal place of business. The board shall issue a certificate to the person if the person's individual certified public accountant qualifications, upon verification, are substantially equivalent to the certified public accountant licensure requirements of this chapter or the person meets equivalent requirements as the board prescribes by rule. Residents of this state who provide professional services in this state at an office location in this state shall be considered to have their principal place of business in this state.

Sec. 33. Minnesota Statutes 2012, section 326A.04, subdivision 5, is amended to read:

Subd. 5. **Fee.** (a) The board shall charge a fee for each application for initial issuance or renewal of a certificate under this section as provided in paragraph (b).

(b) The board shall charge the following fees:

(1) initial issuance of certificate, $150;

(2) renewal of certificate with an active status, $100 per year;

(3) initial CPA firm permits, except for sole practitioners, $100;

(4) renewal of CPA firm permits, except for sole practitioners and those firms specified in clause (17), $35 per year;

(5) initial issuance and renewal of CPA firm permits for sole practitioners, except for those firms specified in clause (17), $35 per year;

(6) annual late processing delinquency fee for permit, certificate, or registration renewal applications not received prior to expiration date, $50;

(7) copies of records, per page, 25 cents;

(8) registration of noncertificate holders, nonlicensees, and nonregistrants in connection with renewal of firm permits, $45 per year;

(9) applications for reinstatement, $20;

(10) initial registration of a registered accounting practitioner, $50;

(11) initial registered accounting practitioner firm permits, $100;

(12) renewal of registered accounting practitioner firm permits, except for sole practitioners, $100 per year;

(13) renewal of registered accounting practitioner firm permits for sole practitioners, $35 per year;

(14) CPA examination application, $40;

(15) CPA examination, fee determined by third-party examination administrator;

(16) renewal of certificates with an inactive status, $25 per year; and

(17) renewal of CPA firm permits for firms that have one or more offices located in another state, $68 per year.

Sec. 34. Minnesota Statutes 2012, section 326A.04, subdivision 7, is amended to read:

Subd. 7. **Certificates issued by foreign countries.** The board shall issue a certificate to a holder of a generally equivalent foreign country designation, provided that:

(1) the foreign authority that granted the designation makes similar provision to allow a person who holds a valid certificate issued by this state to obtain the foreign authority's comparable designation;

(2) the foreign designation:

(i) was duly issued by a foreign authority that regulates the practice of public accountancy and the foreign designation has not expired or been revoked or suspended;

(ii) entitles the holder to issue reports upon financial statements; and

(iii) was issued upon the basis of educational, examination, and experience requirements established by the foreign authority or by law; and

(3) the applicant:

(i) received the designation, based on educational and examination standards generally equivalent to those in effect in this state, at the time the foreign designation was granted;

(ii) has, within the ten years immediately preceding the application, completed an experience requirement that is generally equivalent to the requirement in section 326A.03, subdivision 6, paragraph (b), ~~if application is made on or after July 1, 2006, or section 326A.03, subdivision 8, if application is made before July 1, 2006,~~ in the jurisdiction that granted the foreign designation; completed four years of professional experience in this state; or met equivalent requirements prescribed by the board by rule; and

(iii) passed a uniform qualifying examination in national standards and an examination on the laws, regulations, and code of ethical conduct in effect in this state as the board prescribes by rule.

Sec. 35. Minnesota Statutes 2012, section 326A.10, is amended to read:

326A.10 UNLAWFUL ACTS.

(a) Only a licensee and individuals who have been granted practice privileges under section 326A.14 may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing attest services, or offer to render or render any attest service. Only a certified public accountant, an individual who has been granted practice privileges under section 326A.14, a CPA firm, or, to the extent permitted by board rule, a person registered under section 326A.06, paragraph (b), may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing compilation services or offer to render or render any compilation service. These restrictions do not prohibit any act of a public official or public employee in the performance of that person's duties or prohibit the performance by any nonlicensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on them. Nonlicensees may prepare financial statements and issue nonattest transmittals or information on them which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS). Nonlicensees registered under section 326A.06, paragraph (b), may, to the extent permitted by board rule, prepare financial statements and issue nonattest transmittals or information on them.

(b) Licensees and individuals who have been granted practice privileges under section 326A.14 performing attest or compilation services must provide those services in accordance with professional standards. To the extent permitted by board rule, registered accounting practitioners performing compilation services must provide those services in accordance with standards specified in board rule.

(c) A person who does not hold a valid certificate issued under section 326A.04 or a practice privilege granted under section 326A.14 shall not use or assume the title "certified public accountant," the abbreviation "CPA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(d) A firm shall not provide attest services or assume or use the title "certified public accountants," the abbreviation "CPA's," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is a CPA firm unless (1) the firm has complied with section 326A.05, and (2) ownership of the firm is in accordance with this chapter and rules adopted by the board.

(e) A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," "accounting practitioner," "public accountant," "licensed public accountant," or any other title or designation likely to be confused with the title "certified public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," "PA," "AP," "LPA," or similar abbreviation likely to be confused with the abbreviation "CPA." The title "enrolled agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.

(g) Except to the extent permitted in paragraph (a), nonlicensees may not use language in any statement relating to the financial affairs of a person or entity that is conventionally used by licensees in reports on financial statements. In this regard, the board shall issue by rule safe harbor language that nonlicensees may use in connection with such financial information. A person or firm that does not hold a valid certificate or permit, or a registration issued under section 326A.04, 326A.05, or 326A.06, paragraph (b), or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "accountant" or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant. A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "auditor" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate or permit or has special competence as an auditor. However, this paragraph does not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds, nor prohibit any act of a public official or employee in the performance of the person's duties as such.

(h) (1) No person holding a certificate or registration or firm holding a permit under this chapter shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. However, names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

(2) A common brand name or network name part, including common initials, used by a CPA firm in its name, is not misleading if the firm is a network firm as defined in the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct in effect July 1, 2011, and when offering or rendering services that require independence under AICPA standards, the firm must comply with the AICPA code's applicable standards on independence.

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:

(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

(2) the person or firm performs no attest or compilation services and issues no reports with respect to the financial statements of any other persons, firms, or governmental units in this state; and

(3) the person or firm does not use in this state any title or designation other than the one under which the person practices in the foreign country, followed by a translation of the title or designation into English, if it is in a different language, and by the name of the country.

(j) No holder of a certificate issued under section 326A.04 may perform attest services through any business form that does not hold a valid permit issued under section 326A.05.

(k) No individual licensee may issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under section 326A.05, unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

(1) signs the compilation report identifying the individual as a certified public accountant;

(2) meets the competency requirement provided in applicable standards; and

(3) undergoes no less frequently than once every three years, a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements set out in professional standards for such services.

(l) No person registered under section 326A.06, paragraph (b), may issue a report in standard form upon a compilation of financial information unless the board by rule permits the report and the person:

(1) signs the compilation report identifying the individual as a registered accounting practitioner;

(2) meets the competency requirements in board rule; and

(3) undergoes no less frequently than once every three years a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements in board rule.

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

(n) The board shall adopt rules that place limitations on receipt by a licensee or a person who holds a registration under section 326A.06, paragraph (b), of:

(1) contingent fees for professional services performed; and

(2) commissions or referral fees for recommending or referring to a client any product or service.

(o) Anything in this section to the contrary notwithstanding, it shall not be a violation of this section for a firm not holding a valid permit under section 326A.05 and not having an office in this state to provide its professional services in this state so long as it complies with the applicable requirements of section 326A.05, subdivision 1.

Sec. 36. **ST. PAUL RIVERCENTRE ARENA.**

Notwithstanding Laws 1998, chapter 404, section 23, subdivision 6, as amended by Laws 2002, chapter 220, article 10, section 35, the city of St. Paul is not required to make repayments in fiscal year 2014 and fiscal year 2015 only.

Sec. 37. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall change the term "manicurist" to "nail technician" wherever it appears in Minnesota Rules and Statutes.

(b) The revisor of statutes shall change the term "licensed" to "registered" and "license" to "registration" wherever it appears in Minnesota Statutes, chapter 154, or applicable Minnesota Rules.

Sec. 38. **REPEALER.**

(a) Minnesota Statutes 2012, sections 116W.01; 116W.02; 116W.03; 116W.035; 116W.04; 116W.05; 116W.06; 116W.20; 116W.21; 116W.23; 116W.24; 116W.25; 116W.26; 116W.27; 116W.28; 116W.29; 116W.30; 116W.31; 116W.32; 116W.33; 116W.34; 155A.25, subdivision 1; and 326A.03, subdivisions 2, 5, and 8, are repealed.

(b) Minnesota Rules, parts 1105.0600; 1105.2550; and 1105.2700, are repealed."

Correct the subdivision and section totals and the appropriations by fund

Correct the section totals and the appropriation summary

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

Albright moved to amend the Zellers amendment to H. F. No. 729, the second engrossment, as amended, as follows:

Page 2, line 18, delete "$10,000,000" and insert "$10,400,000"

Page 4, line 1, delete "$6,000,000" and insert "$6,150,000" and delete "$12,500,000" and insert "$12,650,000"

Page 4, line 20, delete "$1,425,000" and insert "$1,875,000" and delete "$1,425,000" and insert "$1,875,000"

Page 4, line 29, delete "$5,320,000" and insert "$5,820,000"

Page 5, delete lines 9 to 14

Page 5, line 15, delete "$375,000" and insert "$525,000"

Page 5, line 20, delete "$200,000" and insert "$225,000"

Page 5, line 30, delete "$100,000" and insert "$125,000"

Page 5, after line 33, insert:

"$300,000 each year is for statewide expansion of the neighborhood development center for developing and supporting entrepreneurial skills and job creation in communities throughout the state. Funds may be used for activities including, but not limited to: business plan training, business workshops, technical assistance to small business owners, development and support of business incubators, entrepreneurial network development, and the expansion of entrepreneurial capacity in communities. This is a onetime appropriation."

Page 6, line 5, delete "$1,039,000" and insert "$1,339,000"

Page 6, line 23, delete "$570,000" and insert "$820,000"

Page 7, line 6, delete "$507,000" and insert "$532,000" and delete "$407,000" and insert "$432,000"

Page 9, delete lines 15 to 17

Page 9, line 23, delete "$300,000" and insert "$315,000" and delete "$300,000" and insert "$315,000"

Page 9, delete lines 26 to 30

Page 10, delete lines 1 to 3

Page 10, line 33, delete "$25,000" and insert "$175,000"

Page 12, delete lines 28 to 35

Page 13, delete lines 1 to 2

Page 13, line 3, delete "$987,000" and insert "$997,000"

Page 13, line 13, delete "$657,000" and insert "$667,000"

Page 13, line 18, delete "$187,000" and insert "$197,000"

Page 14, delete lines 21 to 29

Page 41, delete section 34

Page 52, delete section 1

Page 61, delete section 8

Page 64, delete section 11

Page 78, delete section 22

Page 82, delete section 29

Page 89, delete section 36

Renumber the sections in sequence and correct the internal references

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 60 yeas and 74 nays as follows:

Those who voted in the affirmative were:

Abeler	Davids	Gruenhagen	Kieffer	Newberger	Schomacker
Albright	Dean, M.	Gunther	Kiel	Nornes	Scott
Anderson, M.	Dettmer	Hackbarth	Kresha	O'Driscoll	Swedzinski
Anderson, P.	Drazkowski	Hamilton	Leidiger	O'Neill	Theis
Anderson, S.	Erickson, S.	Hertaus	Lohmer	Peppin	Torkelson
Barrett	Fabian	Holberg	Loon	Petersburg	Uglem
Beard	FitzSimmons	Hoppe	Mack	Pugh	Wills
Benson, M.	Franson	Howe	McDonald	Quam	Woodard
Cornish	Garofalo	Johnson, B.	McNamara	Runbeck	Zellers
Daudt	Green	Kelly	Myhra	Sanders	Zerwas

Those who voted in the negative were:

Allen	Erhardt	Huntley	Mariani	Norton	Slocum
Anzelc	Erickson, R.	Isaacson	Marquart	Paymar	Sundin
Atkins	Falk	Johnson, C.	Masin	Pelowski	Urdahl
Benson, J.	Faust	Johnson, S.	McNamar	Persell	Wagenius
Bernardy	Fischer	Kahn	Melin	Poppe	Ward, J.A.
Bly	Freiberg	Laine	Metsa	Radinovich	Ward, J.E.
Brynaert	Fritz	Lenczewski	Moran	Rosenthal	Winkler
Carlson	Halverson	Lesch	Morgan	Savick	Yarusso
Clark	Hansen	Liebling	Mullery	Sawatzky	Spk. Thissen
Davnie	Hausman	Lien	Murphy, E.	Schoen	
Dehn, R.	Hilstrom	Lillie	Murphy, M.	Selcer	
Dill	Hornstein	Loeffler	Nelson	Simon	
Dorholt	Hortman	Mahoney	Newton	Simonson	

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

Kieffer moved to amend the Zellers amendment to H. F. No. 729, the second engrossment, as amended, as follows:

Page 5, line 15, delete "$375,000" and insert "$425,000"

Page 10, delete lines 1 to 3

Reletter the paragraphs in sequence

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 68 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, P.	Beard	Daudt	Dettmer	Fabian
Albright	Anderson, S.	Benson, M.	Davids	Drazkowski	Faust
Anderson, M.	Barrett	Cornish	Dean, M.	Erickson, S.	FitzSimmons

Franson	Hoppe	Lohmer	O'Neill	Sanders	Ward, J.E.
Garofalo	Howe	Loon	Pelowski	Savick	Wills
Green	Johnson, B.	Mack	Peppin	Schomacker	Woodard
Gruenhagen	Kelly	McDonald	Petersburg	Scott	Zellers
Gunther	Kieffer	McNamara	Poppe	Swedzinski	Zerwas
Hackbarth	Kiel	Myhra	Pugh	Theis	
Hamilton	Kresha	Newberger	Quam	Torkelson	
Hertaus	Leidiger	Nornes	Radinovich	Uglem	
Holberg	Lenczewski	O'Driscoll	Runbeck	Urdahl	

Those who voted in the negative were:

Allen	Dill	Hornstein	Lillie	Mullery	Selcer
Anzelc	Dorholt	Hortman	Loeffler	Murphy, E.	Simon
Atkins	Erhardt	Huntley	Mahoney	Murphy, M.	Simonson
Benson, J.	Erickson, R.	Isaacson	Mariani	Nelson	Slocum
Bernardy	Fischer	Johnson, C.	Marquart	Newton	Sundin
Bly	Freiberg	Johnson, S.	Masin	Norton	Wagenius
Brynaert	Fritz	Kahn	McNamar	Paymar	Ward, J.A.
Carlson	Halverson	Laine	Melin	Persell	Winkler
Clark	Hansen	Lesch	Metsa	Rosenthal	Yarusso
Davnie	Hausman	Liebling	Moran	Sawatzky	Spk. Thissen
Dehn, R.	Hilstrom	Lien	Morgan	Schoen	

The motion prevailed and the amendment to the amendment was adopted.

Leidiger moved to amend the Zellers amendment, as amended, to H. F. No. 729, the second engrossment, as amended, as follows:

Page 4, line 20, delete "$1,425,000" and insert "$3,425,000" and delete "$1,425,000" and insert "$3,425,000"

Page 89, delete section 36

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 118 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abeler	Bly	Erhardt	Gruenhagen	Johnson, B.	Lillie
Albright	Brynaert	Erickson, R.	Hackbarth	Johnson, C.	Loeffler
Anderson, M.	Carlson	Erickson, S.	Halverson	Kahn	Lohmer
Anderson, P.	Cornish	Fabian	Hamilton	Kelly	Loon
Anderson, S.	Daudt	Faust	Hansen	Kieffer	Mack
Anzelc	Davids	Fischer	Hertaus	Kiel	Marquart
Atkins	Davnie	FitzSimmons	Hilstrom	Kresha	Masin
Barrett	Dean, M.	Franson	Holberg	Laine	McDonald
Beard	Dettmer	Freiberg	Hoppe	Leidiger	McNamar
Benson, J.	Dill	Fritz	Hornstein	Lenczewski	McNamara
Benson, M.	Dorholt	Garofalo	Hortman	Liebling	Metsa
Bernardy	Drazkowski	Green	Howe	Lien	Moran

Morgan	Nornes	Poppe	Sawatzky	Swedzinski	Wills
Mullery	Norton	Pugh	Schoen	Theis	Winkler
Murphy, E.	O'Driscoll	Quam	Schomacker	Torkelson	Woodard
Murphy, M.	O'Neill	Radinovich	Scott	Uglem	Zellers
Myhra	Pelowski	Rosenthal	Selcer	Urdahl	Zerwas
Nelson	Peppin	Runbeck	Simon	Wagenius	Spk. Thissen
Newberger	Persell	Sanders	Slocum	Ward, J.A.	
Newton	Petersburg	Savick	Sundin	Ward, J.E.	

Those who voted in the negative were:

Allen	Falk	Isaacson	Mahoney	Paymar
Clark	Gunther	Johnson, S.	Mariani	Simonson
Dehn, R.	Huntley	Lesch	Melin	Yarusso

The motion prevailed and the amendment to the amendment was adopted.

Zellers withdrew his amendment, as amended, to H. F. No. 729, the second engrossment, as amended.

Anderson, S., moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 103, line 29, after the period, insert "The commissioner of commerce shall not increase the commerce department's number of full-time-equivalent employees during the 2014-2015 biennium. Any funds left over as a result of not increasing the number of full-time-equivalent employees must be used to reduce any fee increased as a result of this legislation."

A roll call was requested and properly seconded.

The question was taken on the Anderson, S., amendment and the roll was called. There were 62 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean, M.	Hackbarth	Leidiger	Peppin	Torkelson
Albright	Dettmer	Hamilton	Lohmer	Petersburg	Uglem
Anderson, M.	Drazkowski	Hertaus	Loon	Pugh	Urdahl
Anderson, P.	Erickson, S.	Holberg	Mack	Quam	Wills
Anderson, S.	Fabian	Hoppe	McDonald	Radinovich	Woodard
Barrett	FitzSimmons	Howe	McNamara	Runbeck	Zellers
Beard	Franson	Johnson, B.	Myhra	Sanders	Zerwas
Benson, M.	Garofalo	Kelly	Newberger	Schomacker	
Cornish	Green	Kieffer	Nornes	Scott	
Daudt	Gruenhagen	Kiel	O'Driscoll	Swedzinski	
Davids	Gunther	Kresha	O'Neill	Theis	

Those who voted in the negative were:

Allen	Benson, J.	Brynaert	Davnie	Dorholt	Falk
Anzelc	Bernardy	Carlson	Dehn, R.	Erhardt	Faust
Atkins	Bly	Clark	Dill	Erickson, R.	Fischer

Freiberg	Isaacson	Lillie	Moran	Pelowski	Simonson
Fritz	Johnson, C.	Loeffler	Morgan	Persell	Slocum
Halverson	Johnson, S.	Mahoney	Mullery	Poppe	Sundin
Hansen	Kahn	Mariani	Murphy, E.	Rosenthal	Wagenius
Hausman	Laine	Marquart	Murphy, M.	Savick	Ward, J.A.
Hilstrom	Lenczewski	Masin	Nelson	Sawatzky	Ward, J.E.
Hornstein	Lesch	McNamar	Newton	Schoen	Winkler
Hortman	Liebling	Melin	Norton	Selcer	Yarusso
Huntley	Lien	Metsa	Paymar	Simon	Spk. Thissen

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

Urdahl was excused for the remainder of today's session.

Anderson, S., moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 105, delete lines 9 and 10 and insert:

"$500,000 in fiscal year 2014 and $250,000 in fiscal year 2015 are for the Broadband Development Office. Of the appropriation for fiscal year 2014, $250,000 is a onetime appropriation for grants to local emergency services agencies for information technology or telecommunication equipment upgrades, of which 80 percent must be awarded to emergency services agencies outside of the Twin Cities metropolitan area."

Adjust amounts accordingly

A roll call was requested and properly seconded.

Johnson, S., moved to amend the Anderson, S., amendment to H. F. No. 729, the second engrossment, as amended, as follows:

Page 1, delete lines 10 to 12 and insert "provided that the local emergency service agencies are located in counties where more than 95 percent of households have access to nonmobile broadband service that meets or exceeds the state's broadband goals enumerated in section 237.012, subdivision 1, as measured by data collected by a contractor with the Minnesota Department of Commerce that collects data from broadband providers that is used to map the level of broadband service available at a detailed geographic level."

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 67 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Allen	Erickson, R.	Isaacson	Marquart	Norton	Slocum
Atkins	Falk	Johnson, C.	Masin	Paymar	Sundin
Benson, J.	Fischer	Johnson, S.	McNamar	Pelowski	Wagenius
Bernardy	Freiberg	Kahn	Melin	Persell	Ward, J.A.
Bly	Fritz	Laine	Metsa	Poppe	Winkler
Brynaert	Halverson	Lenczewski	Moran	Rosenthal	Yarusso
Carlson	Hansen	Lesch	Morgan	Savick	Spk. Thissen
Clark	Hausman	Liebling	Mullery	Sawatzky	
Davnie	Hilstrom	Lillie	Murphy, E.	Schoen	
Dehn, R.	Hornstein	Loeffler	Murphy, M.	Selcer	
Dorholt	Hortman	Mahoney	Nelson	Simon	
Erhardt	Huntley	Mariani	Newton	Simonson	

Those who voted in the negative were:

Abeler	Dean, M.	Gunther	Leidiger	Peppin	Uglem
Albright	Dettmer	Hackbarth	Lien	Petersburg	Ward, J.E.
Anderson, M.	Dill	Hamilton	Lohmer	Pugh	Wills
Anderson, P.	Drazkowski	Hertaus	Loon	Quam	Woodard
Anderson, S.	Erickson, S.	Holberg	Mack	Radinovich	Zellers
Anzelc	Fabian	Hoppe	McDonald	Runbeck	Zerwas
Barrett	Faust	Howe	McNamara	Sanders	
Beard	FitzSimmons	Johnson, B.	Myhra	Schomacker	
Benson, M.	Franson	Kelly	Newberger	Scott	
Cornish	Garofalo	Kieffer	Nornes	Swedzinski	
Daudt	Green	Kiel	O'Driscoll	Theis	
Davids	Gruenhagen	Kresha	O'Neill	Torkelson	

The motion prevailed and the amendment to the amendment was adopted.

Anderson, S., withdrew her amendment, as amended, to H. F. No. 729, the second engrossment, as amended.

Anderson, S., moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 105, delete lines 9 and 10 and insert:

"$500,000 in fiscal year 2014 and $250,000 in fiscal year 2015 is for the Broadband Development Office. $250,000 of the appropriation for fiscal year 2014 is a onetime appropriation for grants to low-payment-rate nursing facilities for information technology or telecommunications equipment upgrades."

Adjust amounts accordingly

The motion prevailed and the amendment was adopted.

Clark moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 122, line 6, delete "11,605,000" and insert "12,105,000"

Page 122, line 18, delete "Of this amount, $1,000,000 is a onetime" and insert "$1,500,000 in the first year is"

Page 122, line 19, delete "appropriation"

Page 122, line 25, after the period, insert "The base funding for this initiative is $1,500,000 in fiscal year 2016."

Page 122, line 26, delete "this program in" and insert "the housing trust fund program is $12,291,000 in fiscal year 2016 and $10,791,000 in fiscal year 2017."

Page 122, delete lines 27 and 28

Page 126, line 23, delete "4,900,000" and insert "4,400,000"

Page 127, delete lines 21 to 34

Adjust amounts accordingly

The motion prevailed and the amendment was adopted.

Schomacker moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 124, line 22, delete "6,094,000" and insert "4,094,000" and delete "6,094,000" and insert "4,094,000"

Page 124, delete lines 26 to 29

Page 125, line 2, delete "809,000" and insert "309,000" and delete "809,000" and insert "309,000"

Page 125, line 18, delete "445,000" and insert "195,000" and delete "445,000" and insert "195,000"

Page 125, delete lines 23 to 33

Page 126, line 1, delete "$200,000" and insert "$20,000" and delete "$200,000" and insert "$20,000"

Page 126, line 23, delete "4,400,000" and insert "7,400,000" and delete "3,900,000" and insert "6,900,000"

Page 126, line 32, delete "$900,000 each year" and insert "$1,900,000 in the first year and $1,400,000 in the second year"

Page 127, line 1, delete "$250,000" and insert "$500,000"

Page 127, line 7, delete "$1,500,000" and insert "$3,000,000"

Page 127, line 10, delete "$1,000,000" and insert "$1,500,000"

Page 127, delete lines 14 to 20

Adjust amounts accordingly

A roll call was requested and properly seconded.

The question was taken on the Schomacker amendment and the roll was called. There were 60 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Albright	Dean, M.	Gruenhagen	Kieffer	Newberger	Schomacker
Anderson, M.	Dettmer	Gunther	Kiel	Nornes	Scott
Anderson, P.	Dill	Hackbarth	Kresha	O'Driscoll	Swedzinski
Anderson, S.	Drazkowski	Halverson	Leidiger	O'Neill	Theis
Anzelc	Erickson, S.	Hertaus	Lohmer	Peppin	Torkelson
Barrett	Fabian	Holberg	Loon	Petersburg	Uglem
Beard	FitzSimmons	Hoppe	Mack	Pugh	Wills
Benson, M.	Franson	Howe	McDonald	Quam	Woodard
Daudt	Garofalo	Johnson, B.	McNamara	Runbeck	Zellers
Davids	Green	Kelly	Myhra	Sanders	Zerwas

Those who voted in the negative were:

Abeler	Erhardt	Huntley	Mariani	Norton	Slocum
Allen	Erickson, R.	Isaacson	Marquart	Paymar	Sundin
Atkins	Falk	Johnson, C.	Masin	Pelowski	Wagenius
Benson, J.	Faust	Johnson, S.	McNamar	Persell	Ward, J.A.
Bernardy	Fischer	Kahn	Melin	Poppe	Ward, J.E.
Bly	Freiberg	Laine	Metsa	Radinovich	Winkler
Brynaert	Fritz	Lenczewski	Moran	Rosenthal	Yarusso
Carlson	Hamilton	Lesch	Morgan	Savick	Spk. Thissen
Clark	Hansen	Liebling	Mullery	Sawatzky	
Cornish	Hausman	Lien	Murphy, E.	Schoen	
Davnie	Hilstrom	Lillie	Murphy, M.	Selcer	
Dehn, R.	Hornstein	Loeffler	Nelson	Simon	
Dorholt	Hortman	Mahoney	Newton	Simonson	

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

Zerwas moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 120, delete article 8 and insert:

"ARTICLE 8
HOUSING FINANCE

Section 1. **HOUSING FINANCE AGENCY.**

The sums shown in the columns marked "APPROPRIATIONS" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean

that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

	APPROPRIATIONS Available for the Year Ending June 30	
	2014	**2015**
Sec. 2. **APPROPRIATIONS.**		
Subdivision 1. **Total Appropriation**	**$49,548,000**	**$48,048,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.		
Subd. 2. **Challenge Program**	10,227,000	10,227,000
(a) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. Priority shall be given to funding programs that are aimed at closing the disparity gap in affordable homeownership and rental housing for indigenous American Indians and communities of color. Of this amount, $1,208,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of the fiscal year shall be available for any eligible activity under Minnesota Statues, section 462A.33.		
(b) Priority shall be given to programs that:		
(1) focus on creating safe and stable housing for homeless youth;		
(2) provide housing and services to trafficked women and children;		
(3) are land trust programs and programs that work in coordination with a land trust program; or		
(4) provide housing for communities and regions that have: (i) low vacancy rates, a plan that identifies current and future housing needs, experienced job growth since 2005, and at least 2,000 jobs within the commuter shed; or (ii) communities and regions that: have evidence of anticipated job expansion or a significant portion of area employees who commute more than 30 miles between their residence and employment, and where area employers are willing to provide a meaningful contribution that reduces the need for deferred loan or grant funds from state sources.		

(c) The base funding for this program in the 2016-2017 biennium is $10,805,000 each year.

Subd. 3. **Housing Trust Fund** 11,605,000 10,605,000

(a) This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section. Priority shall be given to funding programs that are aimed at closing the disparity gap in rental housing for indigenous American Indians and communities of color and culturally specific groups who are providing services to members of their communities.

(b) Of this amount, $1,000,000 is a onetime appropriation for temporary rental assistance for families with school-age children who have changed school or home at least once in the last school year. The agency, in consultation with the Department of Education, may establish additional targeting criteria.

(c) The base funding for this program in fiscal years 2016 and 2017 is $10,791,000 each year.

Subd. 4. **Rental Assistance for the Mentally Ill** 2,638,000 2,638,000

This appropriation is for the rental housing assistance program under Minnesota Statutes, section 462A.2097.

Subd. 5. **Family Homeless Prevention** 8,043,000 8,043,000

This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

The base funding for this program in fiscal years 2016 and 2017 is $8,145,000 each year.

Subd. 6. **Home Ownership Assistance Fund** 845,000 845,000

This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. Priority shall be given to funding programs that are aimed at closing the disparity gap in affordable homeownership for indigenous American Indians and communities of color.

The base funding for this program in fiscal years 2016 and 2017 is $854,000 each year.

Subd. 7. **Affordable Rental Investment Fund** 4,200,000 4,200,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this subdivision, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

Subd. 8. **Housing Rehabilitation** 6,094,000 6,094,000

This appropriation is for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14. Of this amount, $3,344,000 each year is for the rehabilitation of rental properties, and $2,750,000 each year is for the rehabilitation of owner-occupied homes.

The base funding for this program in fiscal years 2016 and 2017 is $6,188,000 each year. Of this amount, $3,438,000 each year is for the rehabilitation of rental housing and $2,750,000 each year is for the rehabilitation of owner-occupied housing.

Subd. 9. **Homeownership Education, Counseling, and Training** 809,000 809,000

This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Priority may be given to funding programs that are aimed at culturally specific groups who are providing services to members of their communities.

The base funding for this program in fiscal years 2016 and 2017 is $819,000 each year.

Subd. 10. **Capacity Building Grants** 242,000 242,000

This appropriation is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

The base funding for this program in fiscal years 2016 and 2017 is $263,000 each year.

Subd. 11. **Grants** 445,000 445,000

(a) This appropriation is for the grants in paragraphs (b) to (d) and is available until expended. This appropriation is added to the agency's base.

(b) $70,000 each year is for a grant to Open Access Connection to provide free voice mail services for homeless and low-income people so that they have a reliable and consistent communication tool to aid in their search for affordable housing and their search for and maintenance of jobs so that they have income to maintain affordable housing. This service is provided in the metropolitan area and through a toll-free number in greater Minnesota.

(c) $200,000 each year is for a grant to HOME Line for the tenant's rights advocacy and services program.

(d) $175,000 each year is for a grant to an East African women's organization to promote the health and safety of East African women and children in Minnesota and provide services to East African women, who are first-generation immigrants from East African countries, and their children. The program must provide safe housing for victims of domestic abuse and trafficking as well as assistance accessing the health care system. The program must provide educational resources to prevent the exploitation of East African women and children in Minnesota. The program shall provide shelter services and health and human rights education to promote empowerment and provide culturally appropriate services to East African women and children in Minnesota and other victims of domestic violence.

Subd. 12. **Transfers** 4,400,000 3,900,000

(a) The appropriations in this subdivision are not for transfer to the housing development fund. These appropriations are for transfer to the commissioner of human services for the purposes specified. The appropriations are added to the Minnesota Housing Finance Agency's fiscal year 2016 and fiscal year 2017 base budget.

(b) $900,000 each year is for the long-term homeless supportive services fund under Minnesota Statutes, section 256K.26.

(c) $250,000 each year is for the transitional housing programs under Minnesota Statutes, section 256E.33.

(d) $250,000 each year is for emergency services grants under Minnesota Statutes, section 256E.36.

(e) $1,500,000 each year is to provide housing and services to homeless youth under Minnesota Statutes, section 256K.45.

(f) $1,000,000 each year is to develop and provide housing and shelters to prevent the sexual exploitation of women and children and assist trafficked women and children.

(g) $250,000 in the first year is a onetime appropriation for a transfer to the commissioner of health for a grant for education and training grants to address housing-based health threats and healthy homes implementation grants to local boards of health to mitigate housing-based health threats.

(h) $250,000 in the first year is a onetime appropriation for a transfer to the commissioner of health for a grant for lead poisoning prevention activities under Minnesota Statutes, sections 144.9501 to 144.9512."

Adjust amounts accordingly

A roll call was requested and properly seconded.

Davids offered an amendment to the Zerwas amendment to H. F. No. 729, the second engrossment, as amended.

POINT OF ORDER

Lillie raised a point of order pursuant to rule 3.21 that the Davids amendment to the Zerwas amendment was not in order. The Speaker ruled the point of order well taken and the Davids amendment to the Zerwas amendment out of order.

Davids appealed the decision of the Speaker.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 73 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Allen	Carlson	Erickson, R.	Hansen	Johnson, C.	Lien
Anzelc	Clark	Falk	Hausman	Johnson, S.	Lillie
Atkins	Davnie	Faust	Hilstrom	Kahn	Loeffler
Benson, J.	Dehn, R.	Fischer	Hornstein	Laine	Mahoney
Bernardy	Dill	Freiberg	Hortman	Lenczewski	Mariani
Bly	Dorholt	Fritz	Huntley	Lesch	Marquart
Brynaert	Erhardt	Halverson	Isaacson	Liebling	Masin

McNamar	Murphy, E.	Pelowski	Sawatzky	Sundin	Spk. Thissen
Melin	Murphy, M.	Persell	Schoen	Wagenius	
Metsa	Nelson	Poppe	Selcer	Ward, J.A.	
Moran	Newton	Radinovich	Simon	Ward, J.E.	
Morgan	Norton	Rosenthal	Simonson	Winkler	
Mullery	Paymar	Savick	Slocum	Yarusso	

Those who voted in the negative were:

Abeler	Davids	Gruenhagen	Kieffer	Newberger	Schomacker
Albright	Dean, M.	Gunther	Kiel	Nornes	Scott
Anderson, M.	Dettmer	Hackbarth	Kresha	O'Driscoll	Swedzinski
Anderson, P.	Drazkowski	Hamilton	Leidiger	O'Neill	Theis
Anderson, S.	Erickson, S.	Hertaus	Lohmer	Peppin	Torkelson
Barrett	Fabian	Holberg	Loon	Petersburg	Uglem
Beard	FitzSimmons	Hoppe	Mack	Pugh	Wills
Benson, M.	Franson	Howe	McDonald	Quam	Woodard
Cornish	Garofalo	Johnson, B.	McNamara	Runbeck	Zellers
Daudt	Green	Kelly	Myhra	Sanders	Zerwas

So it was the judgment of the House that the decision of the Speaker should stand.

Howe was excused between the hours of 6:40 p.m. and 9:25 p.m.

Schomacker offered an amendment to the Zerwas amendment to H. F. No. 729, the second engrossment, as amended.

POINT OF ORDER

Ward, J.E., raised a point of order pursuant to rule 3.21 that the Schomacker amendment to the Zerwas amendment was not in order. The Speaker ruled the point of order well taken and the Schomacker amendment to the Zerwas amendment out of order.

Daudt appealed the decision of the Speaker.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called. There were 73 yeas and 59 nays as follows:

Those who voted in the affirmative were:

Allen	Brynaert	Dorholt	Freiberg	Hornstein	Kahn
Anzelc	Carlson	Erhardt	Fritz	Hortman	Laine
Atkins	Clark	Erickson, R.	Halverson	Huntley	Lenczewski
Benson, J.	Davnie	Falk	Hansen	Isaacson	Lesch
Bernardy	Dehn, R.	Faust	Hausman	Johnson, C.	Liebling
Bly	Dill	Fischer	Hilstrom	Johnson, S.	Lien

Lillie	Melin	Nelson	Radinovich	Simonson	Yarusso
Loeffler	Metsa	Newton	Rosenthal	Slocum	Spk. Thissen
Mahoney	Moran	Norton	Savick	Sundin	
Mariani	Morgan	Paymar	Sawatzky	Wagenius	
Marquart	Mullery	Pelowski	Schoen	Ward, J.A.	
Masin	Murphy, E.	Persell	Selcer	Ward, J.E.	
McNamar	Murphy, M.	Poppe	Simon	Winkler	

Those who voted in the negative were:

Abeler	Davids	Gruenhagen	Kiel	Nornes	Scott
Albright	Dean, M.	Gunther	Kresha	O'Driscoll	Swedzinski
Anderson, M.	Dettmer	Hackbarth	Leidiger	O'Neill	Theis
Anderson, P.	Drazkowski	Hamilton	Lohmer	Peppin	Torkelson
Anderson, S.	Erickson, S.	Hertaus	Loon	Petersburg	Uglem
Barrett	Fabian	Holberg	Mack	Pugh	Wills
Beard	FitzSimmons	Hoppe	McDonald	Quam	Woodard
Benson, M.	Franson	Johnson, B.	McNamara	Runbeck	Zellers
Cornish	Garofalo	Kelly	Myhra	Sanders	Zerwas
Daudt	Green	Kieffer	Newberger	Schomacker	

So it was the judgment of the House that the decision of the Speaker should stand.

Radinovich moved to amend the Zerwas amendment to H. F. No. 729, the second engrossment, as amended, as follows:

Page 2, line 3, delete "10,227,000" and insert "10,997,000" and delete "10,227,000" and insert "10,497,000"

Page 2, line 11, after the period, insert "Of this amount, $750,000 in each year shall go towards housing programs to assist homeless veterans."

Page 6, line 24, delete "445,000" and insert "175,000" and delete "445,000" and insert "175,000"

Page 6, line 26, delete "paragraphs (b) to (d)" and insert "paragraph (b)"

Page 6, delete lines 29 to 34

Page 7, delete lines 1 to 8

Page 7, line 9, delete "(d)" and insert "(b)"

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 127 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, P.	Atkins	Benson, J.	Bly	Cornish
Albright	Anderson, S.	Barrett	Benson, M.	Brynaert	Daudt
Anderson, M.	Anzelc	Beard	Bernardy	Carlson	Davids

Davnie	Green	Kahn	McDonald	Peppin	Sundin
Dean, M.	Gruenhagen	Kelly	McNamar	Persell	Swedzinski
Dehn, R.	Gunther	Kieffer	McNamara	Petersburg	Theis
Dettmer	Hackbarth	Kiel	Melin	Poppe	Torkelson
Dill	Halverson	Kresha	Metsa	Pugh	Uglem
Dorholt	Hamilton	Leidiger	Morgan	Quam	Wagenius
Drazkowski	Hansen	Lenczewski	Mullery	Radinovich	Ward, J.A.
Erhardt	Hausman	Lesch	Murphy, E.	Rosenthal	Ward, J.E.
Erickson, R.	Hertaus	Liebling	Murphy, M.	Runbeck	Wills
Erickson, S.	Hilstrom	Lien	Myhra	Sanders	Winkler
Fabian	Holberg	Lillie	Nelson	Savick	Woodard
Falk	Hoppe	Loeffler	Newberger	Sawatzky	Yarusso
Faust	Hornstein	Lohmer	Newton	Schoen	Zellers
Fischer	Hortman	Loon	Nornes	Schomacker	Zerwas
FitzSimmons	Huntley	Mack	Norton	Scott	
Franson	Isaacson	Mahoney	O'Driscoll	Selcer	
Freiberg	Johnson, B.	Mariani	O'Neill	Simon	
Fritz	Johnson, C.	Marquart	Paymar	Simonson	
Garofalo	Johnson, S.	Masin	Pelowski	Slocum	

Those who voted in the negative were:

Clark	Moran	Spk. Thissen

The motion prevailed and the amendment to the amendment was adopted.

Zerwas withdrew his amendment, as amended, to H. F. No. 729, the second engrossment, as amended.

O'Neill moved to amend H. F. No. 729, the second engrossment, as amended, as follows:

Page 122, line 18, delete "$1,000,000" and insert "$2,000,000"

A roll call was requested and properly seconded.

Gunther moved to amend the O'Neill amendment to H. F. No. 729, the second engrossment, as amended, as follows:

Page 1, after line 2, insert:

"Page 120, line 30, delete the first "10,227,000" and insert "$11,552,000" and delete the second "10,227,000" and insert "$11,552,000"

Page 121, delete lines 16 to 34

Page 122, delete lines 1 to 2

Page 124, line 22, delete the first "6,094,000" and insert "4,094,000" and delete the second "6,094,000" and insert "4,094,000"

Page 124, delete lines 26 to 29 and insert:

"(b) Of this amount $7,500,000 is a onetime appropriation and is targeted for housing in communities and regions outside the Twin Cities metropolitan area that have a low housing vacancy rate, cooperatively developed a plan that identifies current and future housing needs, and has at least one of the following:

(1) has experienced job growth since 2005 and has at least 2,000 jobs within the commuter shed;

(2) has evidence of anticipated job expansion; or

(3) has a significant portion of area employees who commute more than 30 miles between their residence and their employment.

(c) Preference must be given among comparable housing proposals to proposals that include a meaningful contribution from area employers that reduces the need for deferred loan or grant funds from the state resources."

Page 125, line 2, delete the first "809,000" and insert "445,000" and delete the second "809,000" and insert "445,000"

Page 125, line 18, delete the first "445,000" and insert "175,000" and delete the second "445,000" and insert "175,000"

Page 125, line 20, delete "paragraphs (b) to (d)" and insert "paragraphs (b) to (c)"

Page 125, delete lines 23 to 33

Page 126, line 1, delete "(c) $200,000" and insert "(b) $20,000"

Page 126, line 4, delete "(d)" and insert "(c)"

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

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

The question recurred on the O'Neill amendment and the roll was called. There were 60 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abeler	Beard	Dettmer	Franson	Hamilton	Kieffer
Albright	Benson, M.	Dill	Garofalo	Hertaus	Kiel
Anderson, M.	Cornish	Drazkowski	Green	Holberg	Kresha
Anderson, P.	Daudt	Erickson, S.	Gruenhagen	Hoppe	Leidiger
Anderson, S.	Davids	Fabian	Gunther	Johnson, B.	Lohmer
Barrett	Dean, M.	FitzSimmons	Hackbarth	Kelly	Loon

Mack	Newberger	Peppin	Runbeck	Swedzinski	Wills
McDonald	Nornes	Petersburg	Sanders	Theis	Woodard
McNamara	O'Driscoll	Pugh	Schomacker	Torkelson	Zellers
Myhra	O'Neill	Quam	Scott	Uglem	Zerwas

Those who voted in the negative were:

Allen	Erhardt	Hortman	Loeffler	Murphy, M.	Schoen
Anzelc	Erickson, R.	Huntley	Mahoney	Nelson	Selcer
Atkins	Falk	Isaacson	Mariani	Newton	Simon
Benson, J.	Faust	Johnson, C.	Marquart	Norton	Simonson
Bernardy	Fischer	Johnson, S.	Masin	Paymar	Slocum
Bly	Freiberg	Kahn	McNamar	Pelowski	Sundin
Brynaert	Fritz	Laine	Melin	Persell	Wagenius
Carlson	Halverson	Lenczewski	Metsa	Poppe	Ward, J.A.
Clark	Hansen	Lesch	Moran	Radinovich	Ward, J.E.
Davnie	Hausman	Liebling	Morgan	Rosenthal	Winkler
Dehn, R.	Hilstrom	Lien	Mullery	Savick	Yarusso
Dorholt	Hornstein	Lillie	Murphy, E.	Sawatzky	Spk. Thissen

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

H. F. No. 729, A bill for an act relating to state government; appropriating money for jobs and economic development, commerce and consumer protection, and housing; making changes to labor and industry provisions; modifying and providing for certain fees; modifying employment, economic development, and workforce development provisions; making unemployment insurance changes; reducing the unemployment insurance tax; establishing notice for contracts for deed involving residential property; providing remedies; establishing the Office of Broadband Development in the Department of Commerce and assigning it duties; requiring the Department of Transportation to post a database on its Web site; appropriating money to various boards, departments, and the Housing Finance Agency; requiring reports; amending Minnesota Statutes 2012, sections 60A.14, subdivision 1; 116J.70, subdivision 2a; 116J.8731, subdivisions 2, 3, 8, 9; 116L.17, subdivision 4, by adding a subdivision; 116U.26; 136F.37; 154.001, by adding a subdivision; 154.003; 154.02; 154.05; 154.06; 154.065, subdivision 2; 154.07, subdivision 1; 154.08; 154.09; 154.10, subdivision 1; 154.11, subdivision 1; 154.12; 154.14; 154.15, subdivision 2; 154.26; 155A.23, subdivisions 3, 8, 11; 155A.25, subdivisions 1a, 4; 155A.27, subdivisions 4, 10; 155A.29, subdivision 2; 155A.30, by adding a subdivision; 177.27, subdivision 4; 237.012, subdivision 3; 239.101, subdivision 3; 245.4712, subdivision 1; 268.051, subdivision 5; 268.07, subdivision 3b; 268.125, subdivisions 1, 3, 4, 5; 268.136, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 268.199; 268.23; 268A.13; 268A.14, subdivision 1; 326.02, subdivision 5; 326A.04, subdivisions 2, 3, 5, 7; 326A.10; 326B.081, subdivision 3; 326B.082, subdivision 11; 326B.093, subdivision 4; 326B.101; 326B.103, subdivision 11; 326B.121, subdivision 1; 326B.163, by adding subdivisions; 326B.184, subdivisions 1, 2, by adding a subdivision; 326B.187; 326B.31, by adding a subdivision; 326B.33, subdivisions 19, 21; 326B.36, subdivision 7; 326B.37, by adding a subdivision; 326B.43, subdivision 2; 326B.49, subdivisions 2, 3; 326B.89, subdivision 1; 327B.04, subdivision 4; 341.21, subdivision 3a; 341.221; 341.27; 341.29; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 507.235, subdivision 2; 559.211, subdivision 2; Laws 2011, First Special Session chapter 2, article 2, section 3, subdivision 4; Laws 2012, chapter 201, article 1, section 3; proposing coding for new law in Minnesota Statutes, chapters 116J; 116L; 154; 155A; 161; 179; 237; 268; 326B; 383D; 559; proposing coding for new law as Minnesota Statutes, chapter 80G; repealing Minnesota Statutes 2012, sections 116W.01; 116W.02; 116W.03; 116W.035; 116W.04; 116W.05; 116W.06; 116W.20; 116W.21; 116W.23; 116W.24; 116W.25; 116W.26; 116W.27; 116W.28; 116W.29; 116W.30; 116W.31; 116W.32; 116W.33; 116W.34; 155A.25, subdivision 1; 326A.03, subdivisions 2, 5, 8; 326B.31, subdivisions 18, 19, 22; 326B.978, subdivision 4; 507.235, subdivision 4; Minnesota Rules, parts 1105.0600; 1105.2550; 1105.2700; 1307.0032; 3800.3520, subpart 5, items C, D; 3800.3602, subpart 2, item B.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 75 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorholt	Hornstein	Loeffler	Nelson	Simon
Allen	Erhardt	Hortman	Mahoney	Newton	Simonson
Anzelc	Erickson, R.	Huntley	Mariani	Norton	Slocum
Atkins	Falk	Isaacson	Marquart	Paymar	Sundin
Benson, J.	Faust	Johnson, C.	Masin	Pelowski	Wagenius
Bernardy	Fischer	Johnson, S.	McNamar	Persell	Ward, J.A.
Bly	Freiberg	Kahn	Melin	Poppe	Ward, J.E.
Brynaert	Fritz	Laine	Metsa	Radinovich	Winkler
Carlson	Gunther	Lenczewski	Moran	Rosenthal	Yarusso
Clark	Halverson	Lesch	Morgan	Savick	Spk. Thissen
Davnie	Hansen	Liebling	Mullery	Sawatzky	
Dehn, R.	Hausman	Lien	Murphy, E.	Schoen	
Dill	Hilstrom	Lillie	Murphy, M.	Selcer	

Those who voted in the negative were:

Albright	Dean, M.	Hackbarth	Leidiger	O'Neill	Theis
Anderson, M.	Dettmer	Hamilton	Lohmer	Peppin	Torkelson
Anderson, P.	Drazkowski	Hertaus	Loon	Petersburg	Uglem
Anderson, S.	Erickson, S.	Holberg	Mack	Pugh	Wills
Barrett	Fabian	Hoppe	McDonald	Quam	Woodard
Beard	FitzSimmons	Johnson, B.	McNamara	Runbeck	Zellers
Benson, M.	Franson	Kelly	Myhra	Sanders	Zerwas
Cornish	Garofalo	Kieffer	Newberger	Schomacker	
Daudt	Green	Kiel	Nornes	Scott	
Davids	Gruenhagen	Kresha	O'Driscoll	Swedzinski	

The bill was passed, as amended, and its title agreed to.

H. F. No. 1069 was reported to the House.

Lillie moved to amend H. F. No. 1069, the second engrossment, as follows:

Page 2, line 3, delete "and" and insert "Association of" and after "Administrative" insert "and"

Page 2, line 5, delete "and" and insert "Association of" and after "Administrative" insert "and"

The motion prevailed and the amendment was adopted.

H. F. No. 1069, A bill for an act relating to state government; ratifying labor agreements and compensation plans.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Pursuant to rule 2.05, Johnson, C., was excused from voting on the final passage of H. F. No. 1069, as amended.

There were 83 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hausman	Lillie	Murphy, M.	Schoen
Allen	Dorholt	Hilstrom	Loeffler	Nelson	Selcer
Anzelc	Erhardt	Hornstein	Mahoney	Newton	Simon
Atkins	Erickson, R.	Hortman	Mariani	Nornes	Simonson
Benson, J.	Falk	Huntley	Marquart	Norton	Slocum
Bernardy	Faust	Isaacson	Masin	O'Driscoll	Sundin
Bly	Fischer	Johnson, S.	McNamar	Paymar	Uglem
Brynaert	Franson	Kahn	McNamara	Pelowski	Wagenius
Carlson	Freiberg	Kresha	Melin	Persell	Ward, J.A.
Clark	Fritz	Laine	Metsa	Poppe	Ward, J.E.
Cornish	Gunther	Lenczewski	Moran	Radinovich	Winkler
Davids	Halverson	Lesch	Morgan	Rosenthal	Yarusso
Davnie	Hamilton	Liebling	Mullery	Savick	Spk. Thissen
Dehn, R.	Hansen	Lien	Murphy, E.	Sawatzky	

Those who voted in the negative were:

Albright	Dettmer	Hertaus	Lohmer	Pugh	Wills
Anderson, M.	Drazkowski	Holberg	Loon	Quam	Woodard
Anderson, P.	Erickson, S.	Hoppe	Mack	Runbeck	Zellers
Anderson, S.	Fabian	Howe	McDonald	Sanders	Zerwas
Barrett	FitzSimmons	Johnson, B.	Myhra	Schomacker	
Beard	Garofalo	Kelly	Newberger	Scott	
Benson, M.	Green	Kieffer	O'Neill	Swedzinski	
Daudt	Gruenhagen	Kiel	Peppin	Theis	
Dean, M.	Hackbarth	Leidiger	Petersburg	Torkelson	

The bill was passed, as amended, and its title agreed to.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Murphy, E., from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Wednesday, April 17, 2013 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 588, 790, 411, 669, 1043 and 814.

MOTIONS AND RESOLUTIONS

Dettmer moved that the name of Pugh be added as an author on H. F. No. 60. The motion prevailed.

Urdahl moved that his name be stricken as an author on H. F. No. 392. The motion prevailed.

Pugh moved that her name be stricken as an author on H. F. No. 392. The motion prevailed.

Marquart moved that the name of Bernardy be added as an author on H. F. No. 630. The motion prevailed.

Atkins moved that the name of Morgan be added as an author on H. F. No. 644. The motion prevailed.

Hortman moved that the name of Bernardy be added as an author on H. F. No. 791. The motion prevailed.

Wagenius moved that the name of Poppe be added as an author on H. F. No. 976. The motion prevailed.

Newberger moved that the name of Swedzinski be added as an author on H. F. No. 1559. The motion prevailed.

Lien moved that the name of Bernardy be added as an author on H. F. No. 1608. The motion prevailed.

Radinovich moved that his name be stricken as an author on H. F. No. 1742. The motion prevailed.

Anzelc moved that H. F. No. 1757 be recalled from the Committee on Taxes and be re-referred to the Committee on Environment, Natural Resources and Agriculture Finance. The motion prevailed.

ADJOURNMENT

Murphy, E., moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, April 16, 2013. The motion prevailed.

Murphy, E., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, April 16, 2013.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives