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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **2732**

03/27/2019 Authored by Franson, Zerwas, Johnson, Gruenhagen, Robbins and others
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to human services; providing for public assistance and child care assistance

1.3 program fraud prevention; establishing penalties for certain theft offenses;

1.4 modifying eligibility for early learning scholarships; requiring a report;

1.5 appropriating money; amending Minnesota Statutes 2018, sections 13.46,

1.6 subdivisions 2, 3; 13.461, subdivision 28; 119B.02, subdivision 6, by adding a

1.7 subdivision; 119B.09, subdivisions 4, 7, 9a; 119B.125, subdivisions 6, 9, by adding

1.8 subdivisions; 119B.13, subdivisions 6, 7; 124D.142; 124D.165, subdivisions 2, 4,

1.9 by adding a subdivision; 245.095; 245A.07, subdivisions 2, 2a, 3; 245E.03,

1.10 subdivision 2; 245E.04; 256.98, subdivision 8, by adding a subdivision; 256.984,

1.11 subdivision 1; 256B.02, by adding a subdivision; 256B.056, subdivisions 3, 4;

1.12 256J.08, subdivision 47; 256J.21, subdivision 2; 256L.01, subdivision 5; 256P.04,

1.13 subdivision 4; 256P.06, subdivision 3; 609.27, subdivision 2; 609.48, subdivision

1.14 1; proposing coding for new law in Minnesota Statutes, chapters 245A; 256; 609;

1.15 proposing coding for new law as Minnesota Statutes, chapter 245I.

1.16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.17 ARTICLE 1

1.18 CHILD CARE ASSISTANCE PROGRAM FRAUD PREVENTION

1.19 Section 1. Minnesota Statutes 2018, section 13.46, subdivision 2, is amended to read:

1.20 Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated

1.21 by the welfare system are private data on individuals, and shall not be disclosed except:

1.22 (1) according to section 13.05;

1.23 (2) according to court order;

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

1.25 (4) to an agent of the welfare system and an investigator acting on behalf of a county,

1.26 the state, or the federal government, including a law enforcement person or attorney in the

2.1 investigation or prosecution of a criminal, civil, or administrative proceeding relating to the
2.2 administration of a program;

2.3 (5) to personnel of the welfare system who require the data to verify an individual's
2.4 identity; determine eligibility, amount of assistance, and the need to provide services to an
2.5 individual or family across programs; coordinate services for an individual or family;
2.6 evaluate the effectiveness of programs; assess parental contribution amounts; and investigate
2.7 suspected fraud;

2.8 (6) to administer federal funds or programs;

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

2.10 (8) to the Department of Revenue to assess parental contribution amounts for purposes
2.11 of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs
2.12 and to identify individuals who may benefit from these programs. The following information
2.13 may be disclosed under this paragraph: an individual's and their dependent's names, dates
2.14 of birth, Social Security numbers, income, addresses, and other data as required, upon
2.15 request by the Department of Revenue. Disclosures by the commissioner of revenue to the
2.16 commissioner of human services for the purposes described in this clause are governed by
2.17 section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited
2.18 to, the dependent care credit under section 290.067, the Minnesota working family credit
2.19 under section 290.0671, the property tax refund and rental credit under section 290A.04,
2.20 and the Minnesota education credit under section 290.0674;

2.21 (9) between the Department of Human Services, the Department of Employment and
2.22 Economic Development, and when applicable, the Department of Education, for the following
2.23 purposes:

2.24 (i) to monitor the eligibility of the data subject for unemployment benefits, for any
2.25 employment or training program administered, supervised, or certified by that agency;

2.26 (ii) to administer any rehabilitation program or child care assistance program, whether
2.27 alone or in conjunction with the welfare system;

2.28 (iii) to monitor and evaluate the Minnesota family investment program or the child care
2.29 assistance program by exchanging data on recipients and former recipients of food support,
2.30 cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter
2.31 119B, medical programs under chapter 256B or 256L, or a medical program formerly
2.32 codified under chapter 256D; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

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

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

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

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

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

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

(i) the participant:

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

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

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

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

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

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

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

4.16 (i) the member:

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

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

4.20 or

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

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

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

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

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

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

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

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

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, when the commissioner or community health board has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

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

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

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

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services, Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c), Department of Health, Department

of Employment and Economic Development, and other state agencies as is reasonably necessary to perform these functions;

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

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address; or

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information.

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

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

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

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

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

Sec. 2. Minnesota Statutes 2018, section 13.461, subdivision 28, is amended to read:

Subd. 28. **Child care assistance program.** Data collected, maintained, used, or disseminated by the welfare system pertaining to persons selected as legal nonlicensed child care providers by families receiving child care assistance are classified under section 119B.02,

subdivision 6, paragraph (a). Child care assistance program payment data are classified under section 119B.02, subdivision 6, paragraph (b).

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

Sec. 3. Minnesota Statutes 2018, section 119B.02, subdivision 6, is amended to read:

Subd. 6. **Data.** (a) Data collected, maintained, used, or disseminated by the welfare system pertaining to persons selected as legal nonlicensed child care providers by families receiving child care assistance shall be treated as licensing data as provided in section 13.46, subdivision 4.

(b) For purposes of this paragraph, "child care assistance program payment data" means data for a specified time period showing (1) that a child care assistance program payment under this chapter was made, and (2) the amount of child care assistance payments made to a child care center. Child care assistance program payment data may include the number of families and children on whose behalf payments were made for the specified time period. Any child care assistance program payment data that may identify a specific child care assistance recipient or benefit paid on behalf of a specific child care assistance recipient, as determined by the commissioner, is private data on individuals as defined in section 13.02, subdivision 12. Data related to a child care assistance payment is public if the data relates to a child care assistance payment made to a licensed child care center or a child care center exempt from licensure and:

(1) the child care center receives payment of more than \$100,000 from the child care assistance program under this chapter in a period of one year or less; or

(2) when the commissioner or county agency either:

(i) disqualified the center from receipt of a payment from the child care assistance program under this chapter for wrongfully obtaining child care assistance under section 256.98, subdivision 8, paragraph (c);

(ii) refused a child care authorization, revoked a child care authorization, stopped payment, or denied payment for a bill for the center under section 119B.13, subdivision 6, paragraph (d); or

(iii) made a finding of financial misconduct under section 245E.02.

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

8.1 Sec. 4. Minnesota Statutes 2018, section 119B.02, is amended by adding a subdivision to
8.2 read:

8.3 Subd. 8. **Provider billing forms.** The commissioner shall include a notice on the billing
8.4 form advising providers that the child care provider, center owner, director, manager, license
8.5 holder, or other controlling individual and the employee responsible for submitting billing
8.6 forms may each be held liable for intentionally providing materially false information on
8.7 the provider's billing forms.

8.8 **EFFECTIVE DATE.** This section is effective for billing forms issued on or after July
8.9 1, 2020.

8.10 Sec. 5. Minnesota Statutes 2018, section 119B.09, subdivision 7, is amended to read:

8.11 Subd. 7. **Date of eligibility for assistance.** (a) The date of eligibility for child care
8.12 assistance under this chapter is the later of the date the application was received by the
8.13 county; the beginning date of employment, education, or training; the date the infant is born
8.14 for applicants to the at-home infant care program; or the date a determination has been made
8.15 that the applicant is a participant in employment and training services under Minnesota
8.16 Rules, part 3400.0080, or chapter 256J.

8.17 (b) Payment ceases for a family under the at-home infant child care program when a
8.18 family has used a total of 12 months of assistance as specified under section 119B.035.
8.19 Payment of child care assistance for employed persons on MFIP is effective the date of
8.20 employment or the date of MFIP eligibility, whichever is later. Payment of child care
8.21 assistance for MFIP or DWP participants in employment and training services is effective
8.22 the date of commencement of the services or the date of MFIP or DWP eligibility, whichever
8.23 is later. Payment of child care assistance for transition year child care must be made
8.24 retroactive to the date of eligibility for transition year child care.

8.25 (c) Notwithstanding paragraph (b), payment of child care assistance for participants
8.26 eligible under section 119B.05 may only be made retroactive for a maximum of ~~six~~ three
8.27 months from the date of application for child care assistance.

8.28 **EFFECTIVE DATE.** This section is effective for applications processed on or after
8.29 July 1, 2019.

8.30 Sec. 6. Minnesota Statutes 2018, section 119B.09, subdivision 9a, is amended to read:

8.31 Subd. 9a. **Child care centers authorizations; assistance dependents of employees**
8.32 **and controlling individuals.** (a) A child care center ~~may~~ must not receive authorizations

for ~~25 or fewer children~~ more than ten percent of total licensed capacity of children who
are dependents of the center's employees or controlling individuals. ~~If a child care center is~~
~~authorized for more than 25 children who are dependents of center employees, the county~~
~~cannot authorize additional dependents of an employee until the number of children falls~~
~~below 25.~~

~~(b) Funds paid to providers during the period of time when a center is authorized for~~
~~more than 25 children who are dependents of center employees must not be treated as~~
~~overpayments under section 119B.11, subdivision 2a, due to noncompliance with this~~
~~subdivision.~~

~~(e)~~ (b) Nothing in this subdivision precludes the commissioner from conducting fraud
investigations relating to child care assistance, imposing sanctions, and obtaining monetary
recovery as otherwise provided by law.

Sec. 7. Minnesota Statutes 2018, section 119B.125, is amended by adding a subdivision
to read:

Subd. 1c. **Declaration and penalty.** (a) At the time of initial authorization and at each
reauthorization, each child care provider receiving reimbursement for services provided
under this chapter, and all employees of a provider, shall sign the following declaration:

"I declare under the penalties of perjury that this registration has been examined by me
and to the best of my knowledge is a true and correct statement of every material point. I
understand that a person convicted of perjury may be sentenced to imprisonment of not
more than five years or to payment of a fine of not more than \$10,000, or both."

(b) Any person who willfully and falsely makes the declaration in paragraph (a) is guilty
of perjury and shall be subject to the penalties prescribed in section 609.48.

(c) Signing registration to receive reimbursement under this chapter pursuant to paragraph
(a) constitutes "verification upon oath or affirmation" as defined in section 358.52, without
administration of an oath under section 358.07, provided that the signature is affixed
immediately below the required declaration.

EFFECTIVE DATE. This section is effective for child care assistance program provider
authorizations and reauthorizations completed on or after July 1, 2019.

Sec. 8. Minnesota Statutes 2018, section 119B.125, subdivision 6, is amended to read:

Subd. 6. **Record-keeping requirement.** (a) As a condition of payment, all providers
receiving child care assistance payments must: (1) keep accurate and legible daily attendance

records at the site where services are delivered for children receiving child care assistance; and (2) must make those records available immediately to the county or the commissioner upon request. Attendance records that are not immediately made available to the county or the commissioner upon request are not valid for purposes of establishing proof that a child was present during the time period in question.

The (b) As a condition of payment, attendance records must be completed daily and include the date, the first and last name of each child in attendance, and the times when each child is dropped off and picked up. To the extent possible, the times that the child was dropped off to and picked up from the child care provider must be entered by the person dropping off or picking up the child.

(c) The daily attendance records must be retained at the site where services are delivered for six years after the date of service.

(d) A county or the commissioner may deny or revoke a provider's authorization as a child care provider to any applicant, rescind authorization of any provider to receive child care assistance payments under section 119B.13, subdivision 6, paragraph (d), pursue a fraud disqualification under section 256.98, take an action against the provider under chapter 245E, or establish an attendance record overpayment claim in the system under paragraph (f) against a current or former provider, when the county or the commissioner knows or has reason to believe that the provider has not complied with the record-keeping requirement in this subdivision.

(e) If an attendance record is found to be insufficient to support the information submitted on a billing form, a county or the commissioner may establish an overpayment claim in the system against a current or former provider, regardless of whether a child was eligible for an absent day payment under section 119B.13, subdivision 7.

~~A provider's failure to produce attendance records as requested on more than one occasion constitutes grounds for disqualification as a provider.~~ (f) To calculate an attendance record overpayment under this subdivision, the commissioner or county agency shall subtract the maximum daily rate from the total amount paid to a provider for each day that a child's attendance record is missing, unavailable, incomplete, illegible, inaccurate, or otherwise inadequate.

(g) The commissioner shall develop criteria for a county to determine an attendance record overpayment under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2019.

11.1 Sec. 9. Minnesota Statutes 2018, section 119B.125, subdivision 9, is amended to read:

11.2 Subd. 9. **Reporting required for child's part-time attendance.** (a) A provider must
11.3 report to the county and report on the billing form as required when a child's attendance in
11.4 child care falls to less than half of the child's authorized hours or days for a four-week
11.5 period. If requested by the county or the commissioner, the provider must provide additional
11.6 information to the county or commissioner on the attendance of specific children.

11.7 (b) A county may rescind authorization of a provider for up to three months if the county
11.8 knows or has reason to believe that the provider has not met the reporting requirements
11.9 under paragraph (a).

11.10 (c) The commissioner or county may impose an administrative penalty of \$1,000 against
11.11 any provider who intentionally violates the requirements in paragraph (a). The provider
11.12 must receive notice of their right to appeal the administrative penalty.

11.13 Sec. 10. Minnesota Statutes 2018, section 119B.125, is amended by adding a subdivision
11.14 to read:

11.15 Subd. 10. **Proof of surety bond coverage.** All licensed child care centers authorized
11.16 for reimbursement under this chapter that received child care assistance program revenue
11.17 equal to or greater than \$250,000 in the previous calendar year must provide to the
11.18 commissioner at least once per year proof of surety bond coverage of \$100,000 in a format
11.19 determined by the commissioner. The surety bond must be in a form approved by the
11.20 commissioner, be renewed annually, and allow for recovery of costs and fees in pursuing
11.21 a claim on the bond.

11.22 **EFFECTIVE DATE.** This section is effective January 1, 2020.

11.23 Sec. 11. Minnesota Statutes 2018, section 119B.13, subdivision 6, is amended to read:

11.24 Subd. 6. **Provider payments.** (a) The provider shall bill for services provided within
11.25 ten days of the end of the service period. Payments under the child care fund shall be made
11.26 within 21 days of receiving a complete bill from the provider. Counties or the state may
11.27 establish policies that make payments on a more frequent basis.

11.28 (b) If a provider has received an authorization of care and been issued a billing form for
11.29 an eligible family, the bill must be submitted within ~~60~~ 30 days of the last date of service
11.30 on the bill. A bill submitted more than ~~60~~ 30 days after the last date of service must be paid
11.31 if the county determines that the provider has shown good cause why the bill was not
11.32 submitted within ~~60~~ 30 days. Good cause must be defined in the county's child care fund

12.1 plan under section 119B.08, subdivision 3, and the definition of good cause must include
12.2 county error. Any bill submitted more than a year after the last date of service on the bill
12.3 must not be paid.

12.4 (c) If a provider provided care for a time period without receiving an authorization of
12.5 care and a billing form for an eligible family, payment of child care assistance may only be
12.6 made retroactively for a maximum of ~~six~~ three months from the date the provider is issued
12.7 an authorization of care and billing form.

12.8 (d) The provider shall receive a notice on the billing form advising providers that the
12.9 child care provider, center owner, director, manager, license holder, or other controlling
12.10 individual and the employee responsible for submitting billing forms may each be held
12.11 liable for intentionally providing materially false information on the provider's billing forms.

12.12 ~~(d)~~ (e) A county or the commissioner may refuse to issue a child care authorization to
12.13 a licensed or legal nonlicensed provider, revoke an existing child care authorization to a
12.14 licensed or legal nonlicensed provider, stop payment issued to a licensed or legal nonlicensed
12.15 provider, or refuse to pay a bill submitted by a licensed or legal nonlicensed provider if:

12.16 (1) the provider admits to intentionally giving the county materially false information
12.17 on the provider's billing forms;

12.18 (2) a county or the commissioner finds by a preponderance of the evidence that the
12.19 provider intentionally gave the county materially false information on the provider's billing
12.20 forms, or provided false attendance records to a county or the commissioner;

12.21 (3) the provider is in violation of child care assistance program rules, until the agency
12.22 determines those violations have been corrected;

12.23 (4) the provider is operating after:

12.24 (i) an order of suspension of the provider's license issued by the commissioner;

12.25 (ii) an order of revocation of the provider's license; or

12.26 (iii) a final order of conditional license issued by the commissioner for as long as the
12.27 conditional license is in effect;

12.28 (5) the provider submits false attendance reports or refuses to provide documentation
12.29 of the child's attendance upon request; or

12.30 (6) the provider gives false child care price information.

(~~e~~) (f) For purposes of paragraph (~~d~~) (e), clauses (3), (5), and (6), the county or the commissioner may withhold the provider's authorization or payment for a period of time not to exceed three months beyond the time the condition has been corrected.

(~~f~~) (g) A county's payment policies must be included in the county's child care plan under section 119B.08, subdivision 3. If payments are made by the state, in addition to being in compliance with this subdivision, the payments must be made in compliance with section 16A.124.

EFFECTIVE DATE. This section is effective for billing forms submitted on or after July 1, 2019, except paragraph (d) is effective for billing forms issued on or after July 1, 2020.

Sec. 12. Minnesota Statutes 2018, 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 25 full-day absent days per child, excluding holidays, in a ~~fiscal~~ calendar year, or for more than ten consecutive full-day absent days. "Absent day" means any day that the child is authorized and scheduled to be in care with a licensed provider or license exempt center and the child is absent from the care for the entire day. 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 absent 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~~ calendar 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.

(c) Notwithstanding paragraph (a), children in families may exceed the absent days limit if at least one parent: (1) is under the age of 21; (2) does not have a high school diploma or

commissioner of education-selected high school equivalency certification; 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.

(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 absent days limit.

(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.

(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 ~~fixed~~ calendar year; and ten consecutive full-day absent days.

(h) For purposes of this subdivision, "holidays limit" means ten full-day holidays per child, excluding absent days, in a calendar year.

(i) If a day meets the criteria of an absent day or a holiday under this subdivision, the provider must bill that day as an absent day or holiday. A provider's failure to properly bill an absent day or a holiday results in an overpayment, regardless of whether the child reached, or is exempt from, the absent days limit or holidays limit for the calendar year.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 13. **[245A.24] MANDATORY REPORTING.**

All licensors whether employed by a county or the Department of Human Services must immediately report any suspected fraud to the appropriate authorities.

15.1 Sec. 14. Minnesota Statutes 2018, section 245E.03, subdivision 2, is amended to read:

15.2 Subd. 2. **Failure to provide access.** (a) Failure to provide access ~~may~~ shall result in
15.3 denial or termination of authorizations for or payments to a recipient, provider, license
15.4 holder, or controlling individual in the child care assistance program.

15.5 (b) The intentional failure to provide access as required by subdivision 1 is punishable
15.6 as a misdemeanor. Notwithstanding any other law, when a court sentences a person for a
15.7 violation of this subdivision, it must impose a fine of not less than 50 percent of the maximum
15.8 fine authorized by law nor more than the maximum fine authorized by law. The minimum
15.9 fine required by this subdivision is in addition to the surcharge or assessment required by
15.10 section 357.021, subdivision 6, and is in addition to any sentence of imprisonment or
15.11 restitution imposed or ordered by the court. The provisions of section 609.101, subdivision
15.12 5, apply to a fine imposed under this subdivision.

15.13 **EFFECTIVE DATE.** This section is effective August 1, 2019, and applies to crimes
15.14 committed on or after that date.

15.15 Sec. 15. Minnesota Statutes 2018, section 245E.04, is amended to read:

15.16 **245E.04 HONEST AND TRUTHFUL STATEMENTS.**

15.17 (a) It shall be ~~unlawful~~ a gross misdemeanor for a provider, license holder, controlling
15.18 individual, or recipient to:

15.19 (1) falsify, conceal, or cover up by any trick, scheme, or device a material fact;

15.20 (2) make any materially false, fictitious, or fraudulent statement or representation; or

15.21 (3) make or use any false writing or document knowing the same to contain any materially
15.22 false, fictitious, or fraudulent statement or entry related to any child care assistance program
15.23 services that the provider, license holder, or controlling individual supplies or in relation to
15.24 any child care assistance payments received by a provider, license holder, or controlling
15.25 individual or to any fraud investigator or law enforcement officer conducting a financial
15.26 misconduct investigation.

15.27 (b) Notwithstanding any other law, when a court sentences a person for a violation of
15.28 this section, it must impose a fine of not less than 50 percent of the maximum fine authorized
15.29 by law nor more than the maximum fine authorized by law. The minimum fine required by
15.30 this section is in addition to the surcharge or assessment required by section 357.021,
15.31 subdivision 6, and is in addition to any sentence of imprisonment or restitution imposed or

16.1 ordered by the court. The provisions of section 609.101, subdivision 5, apply to a fine
16.2 imposed under this section.

16.3 **EFFECTIVE DATE.** This section is effective August 1, 2019, and applies to crimes
16.4 committed on or after that date.

16.5 Sec. 16. **DIRECTION TO COMMISSIONER; CHILD CARE ASSISTANCE**
16.6 **PROGRAM PROVIDER BILLING.**

16.7 The commissioner of human services shall propose legislation for the 2020 legislative
16.8 session necessary to ensure that the child care provider, center owner, director, manager,
16.9 license holder, or other controlling individual and the employee responsible for submitting
16.10 billing forms are each held liable if materially false information is intentionally provided
16.11 to a county on a child care assistance program billing form.

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

16.13 **ARTICLE 2**

16.14 **EARLY LEARNING PROGRAMS FRAUD PREVENTION**

16.15 Section 1. Minnesota Statutes 2018, section 13.461, subdivision 28, is amended to read:

16.16 Subd. 28. **Child care assistance program.** (a) Data collected, maintained, used, or
16.17 disseminated by the welfare system pertaining to persons selected as legal nonlicensed child
16.18 care providers by families receiving child care assistance are classified under section 119B.02,
16.19 subdivision 6.

16.20 (b) Data related to child care assistance program disqualification is governed by section
16.21 124D.165, subdivision 4a.

16.22 Sec. 2. Minnesota Statutes 2018, section 124D.142, is amended to read:

16.23 **124D.142 QUALITY RATING AND IMPROVEMENT SYSTEM.**

16.24 (a) There is established a quality rating and improvement system (QRIS) framework to
16.25 ensure that Minnesota's children have access to high-quality early learning and care programs
16.26 in a range of settings so that they are fully ready for kindergarten ~~by 2020. Creation of a~~
16.27 The standards-based voluntary quality rating and improvement system includes:

16.28 (1) quality opportunities in order to improve the educational outcomes of children so
16.29 that they are ready for school. The framework shall be based on the Minnesota quality rating
16.30 system rating tool and a common set of child outcome and program standards and informed
16.31 by evaluation results;

(2) a tool to increase the number of publicly funded and regulated early learning and care services in both public and private market programs that are high quality. If a program or provider chooses to participate, the program or provider will be rated and may receive public funding associated with the rating. The state shall develop a plan to link future early learning and care state funding to the framework in a manner that complies with federal requirements; and

(3) tracking progress toward statewide access to high-quality early learning and care programs, progress toward the number of low-income children whose parents can access quality programs, and progress toward increasing the number of children who are fully prepared to enter kindergarten.

~~(b) In planning a statewide quality rating and improvement system framework in paragraph (a), the state shall use evaluation results of the Minnesota quality rating system rating tool in use in fiscal year 2008 to recommend:~~

~~(1) a framework of a common set of child outcome and program standards for a voluntary statewide quality rating and improvement system;~~

~~(2) a plan to link future funding to the framework described in paragraph (a), clause (2); and~~

~~(3) a plan for how the state will realign existing state and federal administrative resources to implement the voluntary quality rating and improvement system framework. The state shall provide the recommendation in this paragraph to the early childhood education finance committees of the legislature by March 15, 2011.~~

~~(c) Prior to the creation of a statewide quality rating and improvement system in paragraph (a), the state shall employ the Minnesota quality rating system rating tool in use in fiscal year 2008 in the original Minnesota Early Learning Foundation pilot areas and additional pilot areas supported by private or public funds with its modification as a result of the evaluation results of the pilot project.~~

(b) A child care provider who has a quality rating under this section and is disqualified from receiving child care assistance program reimbursement under chapter 119B, as provided under section 256.98, subdivision 8, paragraph (c), must also have the quality rating rescinded.

Sec. 3. Minnesota Statutes 2018, section 124D.165, subdivision 2, is amended to read:

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

18.1 (1) have an eligible child; ~~and~~

18.2 (2) have income equal to or less than 185 percent of federal poverty level income in the
18.3 current calendar year, or be able to document their child's current participation in the free
18.4 and reduced-price lunch program or Child and Adult Care Food Program, National School
18.5 Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution
18.6 Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections
18.7 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act
18.8 of 2007; Minnesota family investment program under chapter 256J; child care assistance
18.9 programs under chapter 119B; the supplemental nutrition assistance program; or placement
18.10 in foster care under section 260C.212-; and

18.11 (3) must not currently be disqualified from the child care assistance program under
18.12 chapter 119B, as provided under section 256.98, subdivision 8, paragraph (b).

18.13 (b) An "eligible child" means a child who has not yet enrolled in kindergarten and is:

18.14 (1) at least three but not yet five years of age on September 1 of the current school year;

18.15 (2) a sibling from birth to age five of a child who has been awarded a scholarship under
18.16 this section provided the sibling attends the same program as long as funds are available;

18.17 (3) the child of a parent under age 21 who is pursuing a high school degree or a course
18.18 of study for a high school equivalency test; or

18.19 (4) homeless, in foster care, or in need of child protective services.

18.20 (c) A child who has received a scholarship under this section must continue to receive
18.21 a scholarship each year until that child is eligible for kindergarten under section 120A.20
18.22 and as long as funds are available.

18.23 (d) Early learning scholarships may not be counted as earned income for the purposes
18.24 of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota
18.25 family investment program under chapter 256J, child care assistance programs under chapter
18.26 119B, or Head Start under the federal Improving Head Start for School Readiness Act of
18.27 2007.

18.28 (e) A child from an adjoining state whose family resides at a Minnesota address as
18.29 assigned by the United States Postal Service, who has received developmental screening
18.30 under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district,
18.31 and whose family meets the criteria of paragraph (a) is eligible for an early learning
18.32 scholarship under this section.

19.1 **EFFECTIVE DATE.** This section is effective July 1, 2019.

19.2 Sec. 4. Minnesota Statutes 2018, section 124D.165, subdivision 4, is amended to read:

19.3 Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an
19.4 for early learning scholarship funds, a program must:

19.5 (1) participate in the quality rating and improvement system under section 124D.142;
19.6 and

19.7 (2) beginning July 1, 2020, have a three- or four-star rating in the quality rating and
19.8 improvement system.

19.9 (b) Any program accepting scholarships must use the revenue to supplement and not
19.10 supplant federal funding.

19.11 (c) Notwithstanding paragraph (a), all Minnesota early learning foundation scholarship
19.12 program pilot sites are eligible to accept an early learning scholarship under this section.

19.13 (d) A program is not eligible for early learning scholarship funds if:

19.14 (1) it is disqualified from receiving payment for child care services from the child care
19.15 assistance program under chapter 119B, as provided under section 256.98, subdivision 8,
19.16 paragraph (c); or

19.17 (2) the commissioner of human services refuses to issue a child care authorization,
19.18 revokes an existing child care authorization, stops payment issued to a program, or refuses
19.19 to pay a bill under section 119B.13, subdivision 6, paragraph (d), clause (2).

19.20 **EFFECTIVE DATE.** This section is effective July 1, 2019.

19.21 Sec. 5. Minnesota Statutes 2018, section 124D.165, is amended by adding a subdivision
19.22 to read:

19.23 Subd. 4a. **Data sharing.** The commissioner of human services may disseminate to the
19.24 commissioner of education data on child care assistance program disqualification for purposes
19.25 of determining family eligibility under subdivision 2, paragraph (a), clause (3), and program
19.26 eligibility under subdivision 4, paragraph (d). The commissioner of education may
19.27 disseminate the data to an early learning scholarship area administrator.

19.28 **EFFECTIVE DATE.** This section is effective July 1, 2019.

ARTICLE 3**PUBLIC ASSISTANCE FRAUD PREVENTION**

Section 1. Minnesota Statutes 2018, section 13.46, subdivision 3, is amended to read:

Subd. 3. **Investigative data.** (a) Data on persons, including data on vendors of services, licensees, and applicants that is collected, maintained, used, or disseminated by the welfare system in an investigation, authorized by statute, and relating to the enforcement of rules or law are confidential data on individuals pursuant to section 13.02, subdivision 3, or protected nonpublic data not on individuals pursuant to section 13.02, subdivision 13, and shall not be disclosed except:

(1) pursuant to section 13.05;

(2) pursuant to statute or valid court order;

(3) to a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense; ~~or~~

(4) to an agent of the welfare system or an investigator acting on behalf of a county, state, or federal government, including a law enforcement officer or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding, unless the commissioner of human services determines that disclosure may compromise a department of human services ongoing investigation; or

~~(4)~~ (5) to provide notices required or permitted by statute.

The data referred to in this subdivision shall be classified as public data upon submission to an administrative law judge or court in an administrative or judicial proceeding. Inactive welfare investigative data shall be treated as provided in section 13.39, subdivision 3.

(b) Notwithstanding any other provision in law, the commissioner of human services shall provide all active and inactive investigative data, including the name of the reporter of alleged maltreatment under section 626.556 or 626.557, to the ombudsman for mental health and developmental disabilities upon the request of the ombudsman.

(c) Notwithstanding paragraph (a) and section 13.39, the existence of an investigation by the commissioner of human services of possible overpayments of public funds to a service provider or recipient may be disclosed if the commissioner determines that it will not compromise the investigation.

21.1 Sec. 2. Minnesota Statutes 2018, section 245.095, is amended to read:

21.2 **245.095 LIMITS ON RECEIVING PUBLIC FUNDS.**

21.3 Subdivision 1. **Prohibition.** (a) If a provider, vendor, or individual enrolled, licensed,
21.4 ~~or receiving funds under a grant contract, or registered~~ in any program administered by the
21.5 commissioner, including under the commissioner's powers and authorities in section 256.01,
21.6 is excluded from ~~any that program administered by the commissioner, including under the~~
21.7 ~~commissioner's powers and authorities in section 256.01,~~ the commissioner shall:

21.8 (1) prohibit the excluded provider, vendor, or individual from enrolling or becoming
21.9 licensed, receiving grant funds, or registering in any other program administered by the
21.10 commissioner; and

21.11 (2) disenroll, revoke or suspend a license, disqualify, or debar the excluded provider,
21.12 vendor, or individual in any other program administered by the commissioner.

21.13 (b) The duration of this prohibition, disenrollment, revocation, suspension,
21.14 disqualification, or debarment must last for the longest applicable sanction or disqualifying
21.15 period in effect for the provider, vendor, or individual permitted by state or federal law.

21.16 Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions have the
21.17 meanings given them.

21.18 (b) "Excluded" means disenrolled, ~~subject to license revocation or suspension,~~
21.19 ~~disqualified, or subject to vendor debarment~~ disqualified, having a license that has been
21.20 revoked or suspended under chapter 245A, or debarred or suspended under Minnesota Rules,
21.21 part 1230.1150, or excluded pursuant to section 256B.064, subdivision 3.

21.22 (c) "Individual" means a natural person providing products or services as a provider or
21.23 vendor.

21.24 (d) "Provider" ~~means~~ includes any entity or individual receiving payment from a program
21.25 administered by the Department of Human Services, and an owner, controlling individual,
21.26 license holder, director, or managerial official of an entity receiving payment from a program
21.27 administered by the Department of Human Services.

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

21.29 Sec. 3. Minnesota Statutes 2018, section 245A.07, subdivision 2, is amended to read:

21.30 Subd. 2. **Temporary immediate suspension.** (a) The commissioner shall act immediately
21.31 to temporarily suspend a license issued under this chapter if:

(1) the license holder's actions or failure to comply with applicable law or rule, or the actions of other individuals or conditions in the program, pose an imminent risk of harm to the health, safety, or rights of persons served by the program; ~~or~~

(2) while the program continues to operate pending an appeal of an order of revocation, the commissioner identifies one or more subsequent violations of law or rule which may adversely affect the health or safety of persons served by the program; ~~;~~

(3) a child care license holder fails to comply with the child care assistance fraud investigation requirements under chapter 245E; or

(4) the license holder is criminally charged in state or federal court with an offense that involves fraud or theft against a program administered by the commissioner.

(b) No state funds shall be made available or be expended by any agency or department of state, county, or municipal government for use by a license holder regulated under this chapter while a license issued under this chapter is under immediate suspension. A notice stating the reasons for the immediate suspension and informing the license holder of the right to an expedited hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612, must be delivered by personal service to the address shown on the application or the last known address of the license holder. The license holder may appeal an order immediately suspending a license. The appeal of an order immediately suspending a license must be made in writing by certified mail ~~or~~ personal service, or other means expressly set forth in the commissioner's order. If mailed, the appeal must be postmarked and sent to the commissioner within five calendar days after the license holder receives notice that the license has been immediately suspended. If a request is made by personal service, it must be received by the commissioner within five calendar days after the license holder received the order. A license holder and any controlling individual shall discontinue operation of the program upon receipt of the commissioner's order to immediately suspend the license.

EFFECTIVE DATE. This section is effective January 1, 2020.

Sec. 4. Minnesota Statutes 2018, section 245A.07, subdivision 2a, is amended to read:

Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of receipt of the license holder's timely appeal, the commissioner shall request assignment of an administrative law judge. The request must include a proposed date, time, and place of a hearing. A hearing must be conducted by an administrative law judge within 30 calendar days of the request for assignment, unless an extension is requested by either party and granted by the administrative law judge for good cause. The commissioner shall issue a

notice of hearing by certified mail or personal service at least ten working days before the hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary immediate suspension should remain in effect pending the commissioner's final order under section 245A.08, regarding a licensing sanction issued under subdivision 3 following the immediate suspension. For suspensions under subdivision 2, paragraph (a), clause (1), the burden of proof in expedited hearings under this subdivision shall be limited to the commissioner's demonstration that reasonable cause exists to believe that the license holder's actions or failure to comply with applicable law or rule poses, or the actions of other individuals or conditions in the program poses an imminent risk of harm to the health, safety, or rights of persons served by the program. "Reasonable cause" means there exist specific articulable facts or circumstances which provide the commissioner with a reasonable suspicion that there is an imminent risk of harm to the health, safety, or rights of persons served by the program. When the commissioner has determined there is reasonable cause to order the temporary immediate suspension of a license based on a violation of safe sleep requirements, as defined in section 245A.1435, the commissioner is not required to demonstrate that an infant died or was injured as a result of the safe sleep violations. For suspensions under subdivision 2, paragraph (a), clause (2), the burden of proof in expedited hearings under this subdivision shall be limited to the commissioner's demonstration by a preponderance of evidence that, since the license was revoked, the license holder committed additional violations of law or rule which may adversely affect the health or safety of persons served by the program.

(b) The administrative law judge shall issue findings of fact, conclusions, and a recommendation within ten working days from the date of hearing. The parties shall have ten calendar days to submit exceptions to the administrative law judge's report. The record shall close at the end of the ten-day period for submission of exceptions. The commissioner's final order shall be issued within ten working days from the close of the record. When an appeal of a temporary immediate suspension is withdrawn or dismissed, the commissioner shall issue a final order affirming the temporary immediate suspension within ten calendar days of the commissioner's receipt of the withdrawal or dismissal. Within 90 calendar days after a final order affirming an immediate suspension, the commissioner shall make a determination regarding whether a final licensing sanction shall be issued under subdivision 3. The license holder shall continue to be prohibited from operation of the program during this 90-day period.

(c) When the final order under paragraph (b) affirms an immediate suspension, and a final licensing sanction is issued under subdivision 3 and the license holder appeals that

24.1 sanction, the license holder continues to be prohibited from operation of the program pending
 24.2 a final commissioner's order under section 245A.08, subdivision 5, regarding the final
 24.3 licensing sanction.

24.4 (d) For suspensions under subdivision 2, paragraph (a), clause (3), the burden of proof
 24.5 in expedited hearings under this subdivision shall be limited to the commissioner's
 24.6 demonstration by a preponderance of evidence that a criminal complaint and warrant or
 24.7 summons was issued for the license holder that was not dismissed, and that the criminal
 24.8 charge is an offense that involves fraud or theft against a program administered by the
 24.9 commissioner.

24.10 Sec. 5. Minnesota Statutes 2018, section 245A.07, subdivision 3, is amended to read:

24.11 Subd. 3. **License suspension, revocation, or fine.** (a) The commissioner may suspend
 24.12 or revoke a license, or impose a fine if:

24.13 (1) a license holder fails to comply fully with applicable laws or rules including but not
 24.14 limited to the requirements of this chapter and chapter 245C;

24.15 (2) a license holder, a controlling individual, or an individual living in the household
 24.16 where the licensed services are provided or is otherwise subject to a background study has
 24.17 a been disqualified and the disqualification which has was not been set aside under section
 24.18 245C.22 and no variance has been granted;

24.19 (3) a license holder knowingly withholds relevant information from or gives false or
 24.20 misleading information to the commissioner in connection with an application for a license,
 24.21 in connection with the background study status of an individual, during an investigation,
 24.22 or regarding compliance with applicable laws or rules; ~~or~~

24.23 ~~(4) after July 1, 2012, and upon request by the commissioner, a license holder fails to~~
 24.24 ~~submit the information required of an applicant under section 245A.04, subdivision 1,~~
 24.25 ~~paragraph (f) or (g);~~ a license holder is excluded from any program administered by the
 24.26 commissioner under section 245.095; or

24.27 (5) revocation is required under section 245A.04, subdivision 7, paragraph (e).

24.28 A license holder who has had a license issued under this chapter suspended, revoked,
 24.29 or has been ordered to pay a fine must be given notice of the action by certified mail or
 24.30 personal service. If mailed, the notice must be mailed to the address shown on the application
 24.31 or the last known address of the license holder. The notice must state in plain language the
 24.32 reasons the license was suspended or 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:

(i) 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);

(ii) if the commissioner determines that a determination of maltreatment for which the license holder is responsible is the result of maltreatment that meets the definition of serious maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit \$5,000;

(iii) for a program that operates out of the license holder's home and a program licensed under Minnesota Rules, parts 9502.0300 to ~~9502.0495~~ 9502.0445, the fine assessed against the license holder shall not exceed \$1,000 for each determination of maltreatment;

(iv) 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

(v) the license holder shall forfeit \$100 for each occurrence of a violation of law or rule other than those subject to a \$5,000, \$1,000, or \$200 fine in items (i) to (iv).

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 home and community-based services, as identified in section 245D.03, subdivision 1, and a community residential setting or day services facility license 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

27.1 a fine for a subsequent background study violation unless at least 365 days have passed
27.2 since the license holder self-corrected the earlier background study violation.

27.3 **EFFECTIVE DATE.** This section is effective January 1, 2020.

27.4 Sec. 6. **[245L.01] OFFICE OF INSPECTOR GENERAL.**

27.5 The Office of Inspector General is created as a standalone office outside of the
27.6 Department of Human Services. The governor shall appoint the executive director of the
27.7 Office of Inspector General under section 15.06. The executive director shall develop and
27.8 maintain licensing, background studies, and fraud prevention services in a manner consistent
27.9 with sections 256.98 to 256.9861; 256B.0705, subdivision 4; 256B.0949, subdivision 16;
27.10 256B.85, subdivision 16; and chapters 245A, 245C, 245D, 245E, and 245H. Office of
27.11 Inspector General services shall be provided in coordination with counties and other vendors.
27.12 Office of Inspector General services shall include licensing, background studies, fraud
27.13 prevention and investigations, and other services consistent with the mission of the Office
27.14 of Inspector General. The administrative structure of the Office of Inspector General must
27.15 be statewide in character.

27.16 **EFFECTIVE DATE.** This section is effective July 1, 2019.

27.17 Sec. 7. **[245L.05] TRANSFER OF DUTIES.**

27.18 (a) Section 15.039 applies to the transfer of duties required by this chapter.

27.19 (b) The commissioner of administration, with the approval of the governor, may issue
27.20 reorganization orders under section 16B.37 as necessary to carry out the transfer of duties
27.21 required by this chapter. The provision of section 16B.37, subdivision 1, stating that transfers
27.22 under section 16B.37 may be made only to an agency that has been in existence for at least
27.23 one year does not apply to transfers to an agency created by this chapter.

27.24 (c) The initial salary for the executive director of the Office of Inspector General is the
27.25 same as the salary for the commissioner of health. The salary may be changed in the manner
27.26 specified in section 15A.0815.

27.27 (d) The commissioner of management and budget must ensure that the aggregate cost
27.28 for the executive director of the Office of Inspector General is not more than the aggregate
27.29 cost of the primary executives in the Department of Human Services responsible for
27.30 management of licensing, background studies, and fraud prevention and investigations
27.31 immediately before the effective date of this section.

27.32 **EFFECTIVE DATE.** This section is effective July 1, 2019.

28.1 Sec. 8. **[256.0113] ELIGIBILITY VERIFICATION.**

28.2 Subdivision 1. **Verification required; vendor contract.** (a) The commissioner shall
28.3 ensure that medical assistance, MinnesotaCare, child care assistance programs under chapter
28.4 119B, and Supplemental Nutrition Assistance Program (SNAP) eligibility determinations
28.5 through the MNsure information technology system and through other agency eligibility
28.6 determination systems include the computerized verification of income, residency, identity,
28.7 and, when applicable, assets and compliance with SNAP work requirements.

28.8 (b) The commissioner shall contract with a vendor to verify the eligibility of all enrollees
28.9 of medical assistance, MinnesotaCare, child care assistance programs, and SNAP during a
28.10 specified audit period. This contract shall be exempt from sections 16C.08, subdivision 2,
28.11 clause (1); 16C.09, paragraph (a), clause (1); 43A.047, paragraph (a); and any other law to
28.12 the contrary.

28.13 (c) The contract must require the vendor to comply with enrollee data privacy
28.14 requirements and to use encryption to safeguard enrollee identity. The contract must also
28.15 provide penalties for vendor noncompliance.

28.16 (d) The contract must include a revenue-sharing agreement, under which vendor
28.17 compensation is limited to a portion of any savings to the state resulting from the vendor's
28.18 implementation of eligibility verification initiatives under this section.

28.19 (e) The commissioner shall use existing resources to fund any agency administrative
28.20 and technology-related costs incurred as a result of implementing this section.

28.21 (f) All state savings resulting from implementation of the vendor contract under this
28.22 section, minus any payments to the vendor made under the terms of the revenue sharing
28.23 agreement, shall be deposited into the health care access fund.

28.24 Subd. 2. **Verification process; vendor duties.** (a) The verification process implemented
28.25 by the vendor must include but is not limited to data matches of the name, date of birth,
28.26 address, and Social Security number of each medical assistance, MinnesotaCare, child care
28.27 assistance programs, and SNAP enrollee against relevant information in federal and state
28.28 data sources, including the federal data hub established under the Affordable Care Act. In
28.29 designing the verification process, the vendor, to the extent feasible, shall incorporate
28.30 procedures that are compatible and coordinated with, and build upon or improve, existing
28.31 procedures used by the MNsure information technology system and other agency eligibility
28.32 determination systems.

(b) The vendor, upon preliminary determination that an enrollee is eligible or ineligible, shall notify the commissioner. Within 20 business days of notification, the commissioner shall accept the preliminary determination or reject the preliminary determination with a stated reason. The commissioner shall retain final authority over eligibility determinations. The vendor shall keep a record of all preliminary determinations of ineligibility submitted to the commissioner.

(c) The vendor shall recommend to the commissioner an eligibility verification process that allows ongoing verification of enrollee eligibility under the MNsure information technology system and other agency eligibility determination systems.

(d) An eligibility verification vendor contract shall be awarded for an initial one-year period beginning January 1, 2020. The commissioner shall renew the contract for up to three additional one-year periods and require additional eligibility verification audits if the commissioner or the legislative auditor determines that the MNsure information technology system and other agency eligibility determination systems cannot effectively verify the eligibility of medical assistance, MinnesotaCare, child care assistance programs under chapter 119B, and SNAP enrollees.

Sec. 9. Minnesota Statutes 2018, section 256.98, is amended by adding a subdivision to read:

Subd. 1a. **Unauthorized transfer.** A person who violates subdivision 1 with the intent to transfer any payments or other benefits to an individual or organization in a foreign country whose residents are subject to travel restrictions under federal law or executive order based on information-sharing practices that have been determined to be inadequate is guilty of a crime and may be sentenced as follows:

(1) to imprisonment for not more than 25 years or to payment of a fine of not more than \$125,000, or both if the value of the payments or benefits wrongfully obtained exceeds \$35,000;

(2) to imprisonment for not more than 15 years or to payment of a fine of not more than \$75,000, or both if the value of the payments or benefits wrongfully obtained is more than \$5,000 but not more than \$35,000;

(3) to imprisonment for not more than ten years or to payment of a fine of not more than \$50,000, or both if the value of the payments or benefits wrongfully obtained is more than \$1,000 but not more than \$5,000;

(4) to imprisonment for not more than five years or to payment of a fine of not more than \$15,000, or both if the value of the payments or benefits wrongfully obtained is more than \$500 but not more than \$1,000; and

(5) to imprisonment for not more than two years or to payment of a fine of not more than \$5,000, or both if the value of the payments or benefits wrongfully obtained is \$500 or less.

EFFECTIVE DATE. This section is effective August 1, 2019, and applies to offenses committed on or after that date.

Sec. 10. Minnesota Statutes 2018, section 256.98, subdivision 8, is amended to read:

Subd. 8. **Disqualification from program.** (a) Any person found to be guilty of wrongfully obtaining assistance by a federal or state court or by an administrative hearing determination, or waiver thereof, through a disqualification consent agreement, or as part of any approved diversion plan under section 401.065, or any court-ordered stay which carries with it any probationary or other conditions, in the Minnesota family investment program and any affiliated program to include the diversionary work program and the work participation cash benefit program, the food stamp or food support program, the general assistance program, housing support under chapter 256I, or the Minnesota supplemental aid program shall be disqualified from that program. In addition, any person disqualified from the Minnesota family investment program shall also be disqualified from the food stamp or food support program. The needs of that individual shall not be taken into consideration in determining the grant level for that assistance unit:

(1) for one year after the first offense;

(2) for two years after the second offense; and

(3) permanently after the third or subsequent offense, or for a violation of subdivision 1a.

The period of program disqualification shall begin on the date stipulated on the advance notice of disqualification without possibility of postponement for administrative stay or administrative hearing and shall continue through completion unless and until the findings upon which the sanctions were imposed are reversed by a court of competent jurisdiction. The period for which sanctions are imposed is not subject to review. The sanctions provided under this subdivision are in addition to, and not in substitution for, any other sanctions that may be provided for by law for the offense involved. A disqualification established through hearing or waiver shall result in the disqualification period beginning immediately unless

31.1 the person has become otherwise ineligible for assistance. If the person is ineligible for
31.2 assistance, the disqualification period begins when the person again meets the eligibility
31.3 criteria of the program from which they were disqualified and makes application for that
31.4 program.

31.5 (b) A family receiving assistance through child care assistance programs under chapter
31.6 119B with a family member who is found to be guilty of wrongfully obtaining child care
31.7 assistance by a federal court, state court, or an administrative hearing determination or
31.8 waiver, through a disqualification consent agreement, as part of an approved diversion plan
31.9 under section 401.065, or a court-ordered stay with probationary or other conditions, is
31.10 disqualified from child care assistance programs. The disqualifications ~~must be for periods~~
31.11 ~~of one year and two years for the first and second offenses, respectively. Subsequent~~
31.12 ~~violations must result in be permanent disqualification. During the disqualification period,~~
31.13 Disqualification from any child care program must extend to all child care programs and
31.14 must be immediately applied.

31.15 (c) A provider caring for children receiving assistance through child care assistance
31.16 programs under chapter 119B is disqualified from receiving payment for child care services
31.17 from the child care assistance program under chapter 119B when the provider is found to
31.18 have wrongfully obtained child care assistance by a federal court, state court, or an
31.19 administrative hearing determination or waiver under section 256.046, through a
31.20 disqualification consent agreement, as part of an approved diversion plan under section
31.21 401.065, or a court-ordered stay with probationary or other conditions. The disqualification
31.22 ~~must be for a period of one year for the first offense and two years for the second offense.~~
31.23 ~~Any subsequent violation must result in permanent disqualification.~~ The disqualification
31.24 ~~period~~ must be imposed immediately after a determination is made under this paragraph.
31.25 ~~During the~~ Upon disqualification ~~period~~, the provider is disqualified from receiving payment
31.26 from any child care program under chapter 119B.

31.27 (d) Any person found to be guilty of wrongfully obtaining MinnesotaCare for adults
31.28 without children and upon federal approval, all categories of medical assistance and
31.29 remaining categories of MinnesotaCare, except for children through age 18, by a federal or
31.30 state court or by an administrative hearing determination, or waiver thereof, through a
31.31 disqualification consent agreement, or as part of any approved diversion plan under section
31.32 401.065, or any court-ordered stay which carries with it any probationary or other conditions,
31.33 is disqualified from that program. The period of disqualification is one year after the first
31.34 offense, two years after the second offense, and permanently after the third or subsequent
31.35 offense. The period of program disqualification shall begin on the date stipulated on the

advance notice of disqualification without possibility of postponement for administrative stay or administrative hearing and shall continue through completion unless and until the findings upon which the sanctions were imposed are reversed by a court of competent jurisdiction. The period for which sanctions are imposed is not subject to review. The sanctions provided under this subdivision are in addition to, and not in substitution for, any other sanctions that may be provided for by law for the offense involved.

EFFECTIVE DATE. This section is effective August 1, 2019.

Sec. 11. Minnesota Statutes 2018, section 256.984, subdivision 1, is amended to read:

Subdivision 1. **Declaration.** (a) Every application for public assistance under this chapter or chapters 256B, 256D, 256J, and 256L; child care programs under chapter 119B; and food stamps or food support under chapter 393 shall be in writing or reduced to writing as prescribed by the state agency and shall contain the following declaration which shall be signed by the applicant:

"I declare under the penalties of perjury that this application has been examined by me and to the best of my knowledge is a true and correct statement of every material point. I understand that a person convicted of perjury may be sentenced to imprisonment of not more than five years or to payment of a fine of not more than \$10,000, or both."

(b) Signing an application for public assistance pursuant to paragraph (a) constitutes "verification upon oath or affirmation" as defined in section 358.52, without administration of an oath under section 358.07, provided that the signature is affixed immediately below the required declaration.

Sec. 12. Minnesota Statutes 2018, section 609.27, subdivision 2, is amended to read:

Subd. 2. **Sentence.** Whoever violates subdivision 1 may be sentenced as follows:

(1) to imprisonment for not more than 90 days or to payment of a fine of not more than \$1,000, or both if neither the pecuniary gain received by the violator nor the loss suffered by the person threatened or another as a result of the threat exceeds \$300, or the benefits received or harm sustained are not susceptible of pecuniary measurement; or

(2) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if such pecuniary gain or loss is more than \$300 but less than \$2,500; or

(3) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if such pecuniary gain or loss is \$2,500, or more, or if the person violates

33.1 subdivision 1 with the intent to involve another person in financial misconduct as defined
33.2 in section 245E.01, subdivision 8.

33.3 Sec. 13. Minnesota Statutes 2018, section 609.48, subdivision 1, is amended to read:

33.4 Subdivision 1. **Acts constituting.** Whoever makes a false material statement not believing
33.5 it to be true in any of the following cases is guilty of perjury and may be sentenced as
33.6 provided in subdivision 4:

33.7 (1) in or for an action, hearing or proceeding of any kind in which the statement is
33.8 required or authorized by law to be made under oath or affirmation;

33.9 (2) in any writing which is required or authorized by law to be under oath or affirmation;

33.10 (3) in any writing made according to section 358.115;

33.11 (4) in any writing made according to section 358.116; ~~or~~

33.12 (5) in any writing made according to sections 119B.125 or 256.984; or

33.13 (6) in any other case in which the penalties for perjury are imposed by law and no specific
33.14 sentence is otherwise provided.

33.15 Sec. 14. **[609.817] CRIMINAL PENALTIES FOR ACTS INVOLVING HUMAN**
33.16 **SERVICES PROGRAMS.**

33.17 Subdivision 1. **Payments made relating to human services programs.** A person who
33.18 intentionally offers or pays any remuneration, including any kickback, bribe, or rebate,
33.19 directly or indirectly, overtly or covertly, in cash or in kind, to a person is guilty of a crime
33.20 and may be sentenced as provided in subdivision 3 if such offer or payment is made to
33.21 induce the person:

33.22 (1) to apply for, receive, or induce another person to apply for or receive a human services
33.23 benefit, service, or grant related to a program funded in whole or in part by the Department
33.24 of Human Services or administered by the commissioner of human services, including but
33.25 not limited to a human services benefit, service, or grant funded in whole or in part by a
33.26 local social services agency, the Department of Human Services, or the United States
33.27 Department of Health and Human Services; or

33.28 (2) to apply for or to use a particular vendor providing a service administered or funded
33.29 in whole or in part by the Department of Human Services, a local social services agency,
33.30 or the United States Department of Health and Human Services.

34.1 Subd. 2. **Payments received relating to human services programs.** A person who
34.2 intentionally solicits or receives any remuneration, including any kickback, bribe, or rebate,
34.3 directly or indirectly, overtly or covertly, in cash or in kind is guilty of a crime and may be
34.4 sentenced as provided in subdivision 3 if the remuneration is solicited or received:

34.5 (1) in return for applying for or receiving a human services benefit, service, or grant
34.6 administered or funded in whole or in part by the Department of Human Services or
34.7 administered by the commissioner of human services, including but not limited to a human
34.8 services benefit, service, or grant funded in whole or in part by a local social services agency,
34.9 the Department of Human Services, or the United States Department of Health and Human
34.10 Services;

34.11 (2) in return for applying for or using a particular vendor providing a service administered
34.12 or funded in whole or in part by the Department of Human Services, a local social services
34.13 agency, or the United States Department of Health and Human Services; or

34.14 (3) in return for receiving or agreeing to receive payments in excess of fair and reasonable
34.15 market value for services or supplies provided to a company or person who is being paid
34.16 in whole or in part by the Department of Human Services, a local social services agency,
34.17 or the United States Department of Health and Human Services to provide a human services
34.18 benefit to a person.

34.19 Subd. 3. **Sentence.** Whoever violates subdivision 1 or 2 may be sentenced to
34.20 imprisonment for not more than ten years or to payment of a fine of not more than \$20,000,
34.21 or both.

34.22 Subd. 4. **Defense.** It is not a defense under this section for the person or company
34.23 receiving or making the payments in excess of fair and reasonable market value to claim
34.24 the person did not have knowledge of the source of the payments.

34.25 Subd. 5. **Persons exempt.** This section does not apply if:

34.26 (1) the employee receiving the remuneration is a bona fide employee of the company
34.27 receiving payment for providing care or services;

34.28 (2) the remuneration received by the employee is for work performed by the employee
34.29 and is paid via a standard payroll check or a direct deposit from the company payroll account
34.30 to the bank designated by the employee; and

34.31 (3) the company making the payment complies with all state and federal laws relating
34.32 to tax withholding, Social Security and Medicare withholding, and wage reporting to the
34.33 Department of Employment and Economic Development.

35.1 Subd. 6. **Additional sanctions.** (a) Claims or payments for any service rendered or
35.2 claimed to have been rendered by a provider or individual who violated this section in regard
35.3 to the person for whom such services were rendered or claimed to have been rendered are
35.4 noncompensable, unenforceable as a matter of law, and constitute the value of any restitution
35.5 owed to the Department of Human Services, a county, or the United States Department of
35.6 Health and Human Services.

35.7 (b) For the purposes of this section, service includes any benefit, service, or grant
35.8 administered or funded in whole or in part by the Department of Human Services, a county,
35.9 or the United States Department of Health and Human Services.

35.10 (c) A person convicted under this section is subject to prohibitions described under
35.11 section 245.095.

35.12 **Sec. 15. DIRECTION TO COMMISSIONER; REQUIRING ELIGIBILITY**
35.13 **VERIFICATION AUDIT REPORT.**

35.14 The commissioner and the vendor, following the conclusion of the initial contract period,
35.15 shall jointly submit an eligibility verification audit report to the chairs and ranking minority
35.16 members of the legislative committees with jurisdiction over health and human services
35.17 policy and finance. The report shall include but is not limited to information in the form of
35.18 unidentified summary data on preliminary determinations of eligibility or ineligibility
35.19 communicated by the vendor, the actions taken on those preliminary determinations by the
35.20 commissioner, and the commissioner's reasons for rejecting preliminary determinations by
35.21 the vendor. The report must also include the recommendations for ongoing verification of
35.22 enrollee eligibility required under Minnesota Statutes, section 256.0113, subdivision 2,
35.23 paragraph (c).

35.24 **Sec. 16. APPROPRIATIONS.**

35.25 (a) \$..... in fiscal year 2020 and \$..... in fiscal year 2021 are appropriated from the
35.26 general fund to the commissioner of human services for purposes of adding four additional
35.27 full-time equivalent positions to the Office of Inspector General, Financial Fraud and Abuse
35.28 Investigation Division. Of these full-time equivalent positions, three positions must be
35.29 investigator positions and the fourth position must be a child care assistance fraud supervisor.
35.30 The individuals who fill the positions must have a background in law enforcement.

35.31 (b) \$355,000 in fiscal year 2020 and \$105,000 in fiscal year 2021 are appropriated from
35.32 the general fund to the commissioner of human services for purposes of implementing and

36.1 maintaining a case tracking system in the Office of Inspector General, Financial Fraud and
36.2 Abuse Investigation Division.

36.3 (c) \$1,275,000 in fiscal year 2020 and \$1,275,000 in fiscal year 2021 are appropriated
36.4 from the general fund to the commissioner of human services for the purposes of the fraud
36.5 prevention investigation grant program under Minnesota Statutes, section 256.983.

36.6 Sec. 17. **REVISOR INSTRUCTION; CONFORMING STATUTORY CHANGES.**

36.7 The revisor of statutes, in consultation with House Research Department and Senate
36.8 Counsel, Research and Fiscal Analysis, and the commissioner of human services, shall
36.9 prepare a bill for introduction in the 2020 legislative session proposing the statutory changes
36.10 needed to implement the transfers of duties required by this chapter.

36.11 **EFFECTIVE DATE.** This section is effective July 1, 2019.

36.12 **ARTICLE 4**

36.13 **PUBLIC ASSISTANCE ELIGIBILITY DETERMINATIONS**

36.14 Section 1. Minnesota Statutes 2018, section 119B.09, subdivision 4, is amended to read:

36.15 Subd. 4. **Eligibility; annual income; calculation.** (a) Annual income of the applicant
36.16 family is the current monthly income of the family multiplied by 12 or the income for the
36.17 12-month period immediately preceding the date of application, or income calculated by
36.18 the method which provides the most accurate assessment of income available to the family.

36.19 (b) Self-employment income must be calculated based on gross receipts less operating
36.20 expenses authorized by the Internal Revenue Service.

36.21 (c) Income changes are processed under section 119B.025, subdivision 4. Included lump
36.22 sums counted as income under section 256P.06, subdivision 3, must be annualized over 12
36.23 months. Income must be verified with documentary evidence. Income includes all deposits
36.24 into accounts owned or controlled by the applicant, including amounts spent on personal
36.25 expenses including rent, mortgage, automobile-related expenses, utilities, and food, and
36.26 amounts received as salary or draws from business accounts. Income does not include a
36.27 deposit specifically identified by the applicant as a loan or gift, for which the applicant
36.28 provides the source, date, amount, and repayment terms. If the applicant does not have
36.29 sufficient evidence of income, verification must be obtained from the source of the income.

37.1 Sec. 2. Minnesota Statutes 2018, section 256B.02, is amended by adding a subdivision to
37.2 read:

37.3 Subd. 20. **Income.** Income is calculated using the adjusted gross income methodology
37.4 under the Affordable Care Act. Income includes funds in personal or business accounts
37.5 used to pay personal expenses including rent, mortgage, automobile-related expenses,
37.6 utilities, food, and other personal expenses not directly related to the business, unless the
37.7 funds are directly attributable to an exception to the income requirement specifically
37.8 identified by the applicant.

37.9 Sec. 3. Minnesota Statutes 2018, section 256B.056, subdivision 3, is amended to read:

37.10 Subd. 3. **Asset limitations for certain individuals.** (a) To be eligible for medical
37.11 assistance, a person must not individually own more than \$3,000 in assets, or if a member
37.12 of a household with two family members, husband and wife, or parent and child, the
37.13 household must not own more than \$6,000 in assets, plus \$200 for each additional legal
37.14 dependent. In addition to these maximum amounts, an eligible individual or family may
37.15 accrue interest on these amounts, but they must be reduced to the maximum at the time of
37.16 an eligibility redetermination. The accumulation of the clothing and personal needs allowance
37.17 according to section 256B.35 must also be reduced to the maximum at the time of the
37.18 eligibility redetermination. The value of assets that are not considered in determining
37.19 eligibility for medical assistance is the value of those assets excluded under the Supplemental
37.20 Security Income program for aged, blind, and disabled persons, with the following
37.21 exceptions:

37.22 (1) household goods and personal effects are not considered;

37.23 (2) capital and operating assets of a trade or business that the local agency determines
37.24 are necessary to the person's ability to earn an income are not considered; A bank account
37.25 that contains personal income or assets, or is used to pay personal expenses, is not a capital
37.26 or operating asset of a trade or business;

37.27 (3) motor vehicles are excluded to the same extent excluded by the Supplemental Security
37.28 Income program;

37.29 (4) assets designated as burial expenses are excluded to the same extent excluded by the
37.30 Supplemental Security Income program. Burial expenses funded by annuity contracts or
37.31 life insurance policies must irrevocably designate the individual's estate as contingent
37.32 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; 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.

Sec. 4. Minnesota Statutes 2018, section 256B.056, subdivision 4, 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) 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.

(c) 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.

(d) 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.

(e) 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 subdivision 7a.

(f) In computing income to determine eligibility of persons under paragraphs (a) to (e) who are not residents of long-term care facilities, the commissioner shall: (1) 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; and (2) include all assets available to the applicant that are considered income according to the Internal Revenue Service. Income includes all deposits into accounts owned or controlled by the applicant, including amounts spent on personal expenses including rent, mortgage, automobile-related expenses, utilities, and food, and amounts received as salary or draws from business accounts and not otherwise excluded by federal or state laws. Income does not include a deposit specifically identified by the applicant as a loan or gift, for which the applicant provides the source, date, amount, and repayment terms.

Sec. 5. Minnesota Statutes 2018, section 256J.08, subdivision 47, is amended to read:

Subd. 47. **Income.** "Income" means cash or in-kind benefit, whether earned or unearned, received by or available to an applicant or participant that is not property under section 256P.02. An applicant must document that the property is not available to the applicant.

Sec. 6. Minnesota Statutes 2018, section 256J.21, subdivision 2, is amended to read:

Subd. 2. **Income exclusions.** The following must be excluded in determining a family's available income:

(1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9555.5050 to 9555.6265, 9560.0521, and 9560.0650 to 9560.0654, payments for family foster care for children under section 260C.4411 or chapter 256N, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;

(2) reimbursements for employment training received through the Workforce Investment Act of 1998, United States Code, title 20, chapter 73, section 9201;

(3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, employment, or informal carpooling arrangements directly related to employment;

(4) all educational assistance, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects provides documentation of the source of the loan, dates, amount of the loan, and terms of repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

(10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;

41.1 (11) reimbursements for medical expenses that cannot be paid by medical assistance;

41.2 (12) payments by a vocational rehabilitation program administered by the state under
41.3 chapter 268A, except those payments that are for current living expenses;

41.4 (13) in-kind income, including any payments directly made by a third party to a provider
41.5 of goods and services. In-kind income does not include in-kind payments of living expenses;

41.6 (14) assistance payments to correct underpayments, but only for the month in which the
41.7 payment is received;

41.8 (15) payments for short-term emergency needs under section 256J.626, subdivision 2;

41.9 (16) funeral and cemetery payments as provided by section 256.935;

41.10 (17) nonrecurring cash gifts of \$30 or less, not exceeding \$30 per participant in a calendar
41.11 month;

41.12 (18) any form of energy assistance payment made through Public Law 97-35,
41.13 Low-Income Home Energy Assistance Act of 1981, payments made directly to energy
41.14 providers by other public and private agencies, and any form of credit or rebate payment
41.15 issued by energy providers;

41.16 (19) Supplemental Security Income (SSI), including retroactive SSI payments and other
41.17 income of an SSI recipient;

41.18 (20) Minnesota supplemental aid, including retroactive payments;

41.19 (21) proceeds from the sale of real or personal property;

41.20 (22) adoption or kinship assistance payments under chapter 256N or 259A and Minnesota
41.21 permanency demonstration title IV-E waiver payments;

41.22 (23) state-funded family subsidy program payments made under section 252.32 to help
41.23 families care for children with developmental disabilities, consumer support grant funds
41.24 under section 256.476, and resources and services for a disabled household member under
41.25 one of the home and community-based waiver services programs under chapter 256B;

41.26 (24) interest payments and dividends from property that is not excluded from and that
41.27 does not exceed the asset limit;

41.28 (25) rent rebates;

41.29 (26) income earned by a minor caregiver, minor child through age 6, or a minor child
41.30 who is at least a half-time student in an approved elementary or secondary education program;

- 42.1 (27) income earned by a caregiver under age 20 who is at least a half-time student in an
42.2 approved elementary or secondary education program;
- 42.3 (28) MFIP child care payments under section 119B.05;
- 42.4 (29) all other payments made through MFIP to support a caregiver's pursuit of greater
42.5 economic stability;
- 42.6 (30) income a participant receives related to shared living expenses;
- 42.7 (31) reverse mortgages;
- 42.8 (32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42,
42.9 chapter 13A, sections 1771 to 1790;
- 42.10 (33) benefits provided by the women, infants, and children (WIC) nutrition program,
42.11 United States Code, title 42, chapter 13A, section 1786;
- 42.12 (34) benefits from the National School Lunch Act, United States Code, title 42, chapter
42.13 13, sections 1751 to 1769e;
- 42.14 (35) relocation assistance for displaced persons under the Uniform Relocation Assistance
42.15 and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter
42.16 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12,
42.17 chapter 13, sections 1701 to 1750jj;
- 42.18 (36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part
42.19 2, sections 2271 to 2322;
- 42.20 (37) war reparations payments to Japanese Americans and Aleuts under United States
42.21 Code, title 50, sections 1989 to 1989d;
- 42.22 (38) payments to veterans or their dependents as a result of legal settlements regarding
42.23 Agent Orange or other chemical exposure under Public Law 101-239, section 10405,
42.24 paragraph (a)(2)(E);
- 42.25 (39) income that is otherwise specifically excluded from MFIP consideration in federal
42.26 law, state law, or federal regulation;
- 42.27 (40) security and utility deposit refunds;
- 42.28 (41) American Indian tribal land settlements excluded under Public Laws 98-123, 98-124,
42.29 and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and
42.30 Mille Lacs reservations and payments to members of the White Earth Band, under United
42.31 States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

(42) all income of the minor parent's parents and stepparents when determining the grant for the minor parent in households that include a minor parent living with parents or stepparents on MFIP with other children;

(43) income of the minor parent's parents and stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in households that include a minor parent living with parents or stepparents not on MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

(44) payments made to children eligible for relative custody assistance under section 257.85;

(45) vendor payments for goods and services made on behalf of a client unless the client has the option of receiving the payment in cash;

(46) the principal portion of a contract for deed payment;

(47) cash payments to individuals enrolled for full-time service as a volunteer under AmeriCorps programs including AmeriCorps VISTA, AmeriCorps State, AmeriCorps National, and AmeriCorps NCCC;

(48) housing assistance grants under section 256J.35, paragraph (a); and

(49) child support payments of up to \$100 for an assistance unit with one child and up to \$200 for an assistance unit with two or more children.

Sec. 7. Minnesota Statutes 2018, section 256L.01, subdivision 5, is amended to read:

Subd. 5. **Income.** "Income" has the meaning given for modified adjusted gross income, as defined in Code of Federal Regulations, title 26, section 1.36B-1, and means a household's current income, or if income fluctuates month to month, the income for the 12-month eligibility period. Income includes amounts deposited into checking and savings accounts for personal expenses including rent, mortgage, automobile-related expenses, utilities, and food.

Sec. 8. Minnesota Statutes 2018, section 256P.04, subdivision 4, is amended to read:

Subd. 4. **Factors to be verified.** (a) The agency shall verify the following at application:

(1) identity of adults;

(2) age, if necessary to determine eligibility;

- 44.1 (3) immigration status;
- 44.2 (4) income;
- 44.3 (5) spousal support and child support payments made to persons outside the household;
- 44.4 (6) vehicles;
- 44.5 (7) checking and savings accounts; Verification of checking and savings accounts must
- 44.6 include the source of deposits into accounts; identification of any loans, including the date,
- 44.7 source, amount, and terms of repayment; and identification of deposits for personal expenses
- 44.8 including rent, mortgage, automobile-related expenses, utilities, and food;
- 44.9 (8) inconsistent information, if related to eligibility;
- 44.10 (9) residence;
- 44.11 (10) Social Security number; ~~and~~
- 44.12 (11) use of nonrecurring income under section 256P.06, subdivision 3, clause (2), item
- 44.13 (ix), for the intended purpose for which it was given and received; ~~;~~
- 44.14 (12) loans. Verification of loans must include the source, the full amount, and repayment
- 44.15 terms; and
- 44.16 (13) direct or indirect gifts of money.

44.17 (b) Applicants who are qualified noncitizens and victims of domestic violence as defined

44.18 under section 256J.08, subdivision 73, clause (7), are not required to verify the information

44.19 in paragraph (a), clause (10). When a Social Security number is not provided to the agency

44.20 for verification, this requirement is satisfied when each member of the assistance unit

44.21 cooperates with the procedures for verification of Social Security numbers, issuance of

44.22 duplicate cards, and issuance of new numbers which have been established jointly between

44.23 the Social Security Administration and the commissioner.

44.24 Sec. 9. Minnesota Statutes 2018, section 256P.06, subdivision 3, is amended to read:

44.25 Subd. 3. **Income inclusions.** The following must be included in determining the income

44.26 of an assistance unit:

44.27 (1) earned income;

44.28 (i) calculated according to Minnesota Rules, part 3400.0170, subpart 7, for earned income

44.29 from self-employment, except if the participant is drawing a salary, taking a draw from the

44.30 business, or using the business account to pay personal expenses including rent, mortgage,

45.1 automobile-related expenses, utilities, or food not directly related to the business, the salary
45.2 or payment must be treated as earned income; and

45.3 (ii) excluding expenses listed in Minnesota Rules, part 3400.0170, subpart 8, items A
45.4 to I and M to P; and

45.5 (2) unearned income, which includes:

45.6 (i) interest and dividends from investments and savings;

45.7 (ii) capital gains as defined by the Internal Revenue Service from any sale of real property;

45.8 (iii) proceeds from rent and contract for deed payments in excess of the principal and
45.9 interest portion owed on property;

45.10 (iv) income from trusts, excluding special needs and supplemental needs trusts;

45.11 (v) interest income from loans made by the participant or household;

45.12 (vi) cash prizes and winnings;

45.13 (vii) unemployment insurance income;

45.14 (viii) retirement, survivors, and disability insurance payments;

45.15 (ix) nonrecurring income over \$60 per quarter unless earmarked and used for the purpose
45.16 for which it is intended. Income and use of this income is subject to verification requirements
45.17 under section 256P.04;

45.18 (x) retirement benefits;

45.19 (xi) cash assistance benefits, as defined by each program in chapters 119B, 256D, 256I,
45.20 and 256J;

45.21 (xii) tribal per capita payments unless excluded by federal and state law;

45.22 (xiii) income and payments from service and rehabilitation programs that meet or exceed
45.23 the state's minimum wage rate;

45.24 (xiv) income from members of the United States armed forces unless excluded from
45.25 income taxes according to federal or state law;

45.26 (xv) all child support payments for programs under chapters 119B, 256D, and 256I;

45.27 (xvi) the amount of child support received that exceeds \$100 for assistance units with
45.28 one child and \$200 for assistance units with two or more children for programs under chapter
45.29 256J; and

45.30 (xvii) spousal support.