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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **2900**

03/15/2023

Authored by Liebling and Long

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act

1.2 relating to state government; modifying provisions governing child care, child

1.3 safety and permanency, child support, economic assistance, deep poverty, housing

1.4 and homelessness, behavioral health, the medical education and research cost

1.5 account, MinnesotaCare, the Tribal Elder Office, background studies, and licensing;

1.6 making forecast adjustments; requiring reports; transferring money; making

1.7 technical and conforming changes; allocating funds for a specific purpose;

1.8 establishing certain grants; appropriating money; amending Minnesota Statutes

1.9 2022, sections 62A.045; 62A.673, subdivision 2; 62J.692, subdivisions 1, 3, 4, 5,

1.10 8; 119B.011, subdivisions 2, 5, 13, 19a; 119B.025, subdivision 4; 119B.03,

1.11 subdivision 4a; 119B.125, subdivisions 1, 1a, 1b, 2, 3, 4, 6, 7; 119B.13, subdivisions

1.12 1, 6; 119B.16, subdivisions 1c, 3; 119B.161, subdivisions 2, 3; 119B.19, subdivision

1.13 7; 145.4716, subdivision 3; 245.095; 245.4889, subdivision 1; 245A.02, subdivision

1.14 2c; 245A.04, subdivisions 1, 7, 7a; 245A.05; 245A.055, subdivision 2; 245A.06,

1.15 subdivisions 1, 2, 4; 245A.07, subdivision 3, by adding subdivisions; 245A.10,

1.16 subdivision 6, by adding a subdivision; 245A.16, by adding a subdivision; 245A.50,

1.17 subdivisions 3, 4, 5, 6, 9; 245C.04, subdivision 1; 245C.05, subdivision 4; 245C.10,

1.18 subdivisions 1d, 2, 3, 4, 5, 6, 8, 9, 9a, 10, 11, 12, 13, 14, 16, 17, 20, 21, by adding

1.19 a subdivision; 245C.17, subdivision 6; 245C.23, subdivision 2; 245C.32,

1.20 subdivision 2; 245H.01, subdivision 3, by adding a subdivision; 245H.03,

1.21 subdivisions 2, 3, 4; 245H.06, subdivisions 1, 2; 245H.07, subdivisions 1, 2;

1.22 245I.20, subdivisions 10, 13, 14, 16; 254B.02, subdivision 5; 254B.05, subdivision

1.23 1; 256.046, subdivision 3; 256.0471, subdivision 1; 256.969, subdivisions 2b, 9,

1.24 25; 256.983, subdivision 5; 256B.055, subdivision 17; 256B.056, subdivision 7;

1.25 256B.0625, subdivisions 5m, 9, 13c, 13e, 28b, 30, by adding a subdivision;

1.26 256B.0631, subdivision 1; 256B.0638, subdivisions 1, 2, 4, 5, by adding a

1.27 subdivision; 256B.064, subdivision 1a; 256B.0924, subdivision 5; 256B.0941, by

1.28 adding a subdivision; 256B.196, subdivision 2; 256B.69, subdivision 5a; 256B.75;

1.29 256B.76, subdivisions 1, 2, 4; 256D.01, subdivision 1a; 256D.024, subdivision 1;

1.30 256D.03, by adding a subdivision; 256D.06, subdivision 5; 256D.63, subdivision

1.31 2; 256E.34, subdivision 4; 256E.35, subdivisions 1, 2, 3, 4a, 6, 7; 256I.03,

1.32 subdivisions 7, 13; 256I.04, subdivision 1; 256I.06, subdivisions 6, 8, by adding

1.33 a subdivision; 256J.08, subdivisions 71, 79; 256J.21, subdivisions 3, 4; 256J.26,

1.34 subdivision 1; 256J.33, subdivisions 1, 2; 256J.37, subdivisions 3, 3a; 256J.95,

1.35 subdivision 19; 256K.45, subdivisions 3, 7; 256L.04, subdivisions 1c, 7a, 10, by

1.36 adding a subdivision; 256L.07, subdivision 1; 256L.15, subdivision 2; 256P.01,

1.37 by adding subdivisions; 256P.02, subdivision 2, by adding a subdivision; 256P.04,

1.38 subdivisions 4, 8; 256P.06, subdivision 3, by adding a subdivision; 256P.07,

2.1 subdivisions 1, 2, 3, 4, 6, 7, by adding subdivisions; 260.761, subdivision 2;
 2.2 260C.007, subdivision 14; 260C.451, by adding subdivisions; 260C.452, by adding
 2.3 a subdivision; 260C.605, subdivision 1, by adding a subdivision; 260C.704;
 2.4 260E.01; 260E.02, subdivision 1; 260E.03, subdivision 22, by adding subdivisions;
 2.5 260E.09; 260E.14, subdivisions 2, 5; 260E.17, subdivision 1; 260E.18; 260E.20,
 2.6 subdivision 2; 260E.24, subdivisions 2, 7; 260E.33, subdivision 1; 260E.35,
 2.7 subdivision 6; 270B.14, subdivision 1; 297F.10, subdivision 1; 518A.31; 518A.32,
 2.8 subdivisions 3, 4; 518A.34; 518A.41; 518A.42, subdivisions 1, 3; 518A.65;
 2.9 518A.77; 609B.425, subdivision 2; 609B.435, subdivision 2; Laws 2020, First
 2.10 Special Session chapter 7, section 1, subdivision 1, as amended; Laws 2021, First
 2.11 Special Session chapter 7, article 1, section 36; article 6, section 26; article 16,
 2.12 section 2, subdivision 32, as amended; article 17, section 5, subdivision 1; proposing
 2.13 coding for new law in Minnesota Statutes, chapters 119B; 245; 256; 256D; 256E;
 2.14 256K; 256P; 260; proposing coding for new law as Minnesota Statutes, chapter
 2.15 245J; repealing Minnesota Statutes 2022, sections 62J.692, subdivisions 4a, 7, 7a;
 2.16 119B.03, subdivision 4; 137.38, subdivision 1; 245.735, subdivision 3; 245C.02,
 2.17 subdivision 14b; 245C.032; 245C.11, subdivision 3; 245C.30, subdivision 1a;
 2.18 256.8799; 256.9864; 256B.69, subdivision 5c; 256J.08, subdivisions 10, 53, 61,
 2.19 62, 81, 83; 256J.30, subdivisions 5, 7, 8; 256J.33, subdivisions 3, 4, 5; 256J.34,
 2.20 subdivisions 1, 2, 3, 4; 256J.37, subdivision 10.

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

2.22 **ARTICLE 1**

2.23 **CHILD CARE**

2.24 Section 1. Minnesota Statutes 2022, section 119B.011, subdivision 2, is amended to read:

2.25 Subd. 2. **Applicant.** "Child care fund applicants" means all parents; stepparents; legal
 2.26 guardians; ~~or~~; eligible relative caregivers ~~who are~~; relative custodians who accepted a transfer
 2.27 of permanent legal and physical custody of a child under section 260C.515, subdivision 4,
 2.28 or similar permanency disposition in Tribal code; successor custodians or guardians as
 2.29 established by section 256N.22, subdivision 10; or foster parents providing care to a child
 2.30 placed in a family foster home under section 260C.007, subdivision 16b. Applicants must
 2.31 be members of the family and reside in the household that applies for child care assistance
 2.32 under the child care fund.

2.33 **EFFECTIVE DATE.** This section is effective August 25, 2024.

2.34 Sec. 2. Minnesota Statutes 2022, section 119B.011, subdivision 5, is amended to read:

2.35 Subd. 5. **Child care.** "Child care" means the care of a child by someone other than a
 2.36 parent; stepparent; legal guardian; eligible relative caregiver; relative custodian who
 2.37 accepted a transfer of permanent legal and physical custody of a child under section
 2.38 260C.515, subdivision 4, or similar permanency disposition in Tribal code; successor
 2.39 custodian or guardian as established according to section 256N.22, subdivision 10; foster
 2.40 parent providing care to a child placed in a family foster home under section 260C.007,

3.1 subdivision 16b; or ~~the spouses~~ spouse of any of the foregoing in or outside the child's own
 3.2 home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

3.3 **EFFECTIVE DATE.** This section is effective August 25, 2024.

3.4 Sec. 3. Minnesota Statutes 2022, section 119B.011, subdivision 13, is amended to read:

3.5 Subd. 13. **Family.** "Family" means parents;₂ stepparents;₂ guardians and their spouses;
 3.6 ~~or~~₂ other eligible relative caregivers and their spouses;₂ relative custodians who accepted a
 3.7 transfer of permanent legal and physical custody of a child under section 260C.515,
 3.8 subdivision 4, or similar permanency disposition in Tribal code, and their spouses; successor
 3.9 custodians or guardians as established by section 256N.22, subdivision 10, and their spouses;
 3.10 foster parents providing care to a child placed in a family foster home under section
 3.11 260C.007, subdivision 16b, and their spouses; and ~~their blood-related~~ the blood-related
 3.12 dependent children and adoptive siblings under the age of 18 years living in the same home
 3.13 including as any of the above. Family includes children temporarily absent from the
 3.14 household in settings such as schools, foster care, and residential treatment facilities ~~or~~
 3.15 ~~parents, stepparents, guardians and their spouses, or other relative caregivers and their~~
 3.16 ~~spouses~~ and adults temporarily absent from the household in settings such as schools, military
 3.17 service, or rehabilitation programs. An adult family member who is not in an authorized
 3.18 activity under this chapter may be temporarily absent for up to 60 days. When a minor
 3.19 parent or parents and his, her, or their child or children are living with other relatives, and
 3.20 the minor parent or parents apply for a child care subsidy, "family" means only the minor
 3.21 parent or parents and their child or children. An adult age 18 or older who meets this
 3.22 definition of family and is a full-time high school or postsecondary student may be considered
 3.23 a dependent member of the family unit if 50 percent or more of the adult's support is provided
 3.24 by the parents;₂ stepparents;₂ guardians and their spouses; relative custodians who accepted
 3.25 a transfer of permanent legal and physical custody of a child under section 260C.515,
 3.26 subdivision 4, or similar permanency disposition in Tribal code, and their spouses; successor
 3.27 custodians or guardians as established by section 256N.22, subdivision 10, and their spouses;
 3.28 foster parents providing care to a child placed in a family foster home under section
 3.29 260C.007, subdivision 16b, and their spouses; or eligible relative caregivers and their spouses
 3.30 residing in the same household.

3.31 **EFFECTIVE DATE.** This section is effective August 25, 2024.

4.1 Sec. 4. Minnesota Statutes 2022, section 119B.011, subdivision 19a, is amended to read:

4.2 Subd. 19a. **Registration.** "Registration" means the process used by ~~a county~~ the
4.3 commissioner to determine whether the provider selected by a family applying for or
4.4 receiving child care assistance to care for that family's children meets the requirements
4.5 necessary for payment of child care assistance for care provided by that provider. The
4.6 commissioner shall create a process for statewide registration by April 28, 2025.

4.7 Sec. 5. Minnesota Statutes 2022, section 119B.03, subdivision 4a, is amended to read:

4.8 Subd. 4a. ~~Temporary reprioritization~~ Funding priorities. (a) ~~Notwithstanding~~
4.9 ~~subdivision 4~~ In the event that inadequate funding necessitates the use of waiting lists,
4.10 priority for child care assistance under the basic sliding fee assistance program shall be
4.11 determined according to this subdivision ~~beginning July 1, 2021, through May 31, 2024.~~

4.12 (b) First priority must be given to eligible non-MFIP families who do not have a high
4.13 school diploma or commissioner of education-selected high school equivalency certification
4.14 or who need remedial and basic skill courses in order to pursue employment or to pursue
4.15 education leading to employment and who need child care assistance to participate in the
4.16 education program. This includes student parents as defined under section 119B.011,
4.17 subdivision 19b. Within this priority, the following subpriorities must be used:

4.18 (1) child care needs of minor parents;

4.19 (2) child care needs of parents under 21 years of age; and

4.20 (3) child care needs of other parents within the priority group described in this paragraph.

4.21 (c) Second priority must be given to families in which at least one parent is a veteran,
4.22 as defined under section 197.447.

4.23 (d) Third priority must be given to eligible families who do not meet the specifications
4.24 of paragraph (b), (c), (e), or (f).

4.25 (e) Fourth priority must be given to families who are eligible for portable basic sliding
4.26 fee assistance through the portability pool under subdivision 9.

4.27 (f) Fifth priority must be given to eligible families receiving services under section
4.28 119B.011, subdivision 20a, if the parents have completed their MFIP or DWP transition
4.29 year, or if the parents are no longer receiving or eligible for DWP supports.

4.30 (g) Families under paragraph (f) must be added to the basic sliding fee waiting list on
4.31 the date they complete their transition year under section 119B.011, subdivision 20.

5.1 **EFFECTIVE DATE.** This section is effective July 1, 2023.

5.2 Sec. 6. Minnesota Statutes 2022, section 119B.125, subdivision 1, is amended to read:

5.3 Subdivision 1. **Authorization.** ~~A county or~~ The commissioner must authorize the provider
 5.4 chosen by an applicant or a participant before the county can authorize payment for care
 5.5 provided by that provider. The commissioner must establish the requirements necessary for
 5.6 authorization of providers. A provider must be reauthorized every two years. ~~A legal,~~
 5.7 ~~nonlicensed family child care provider also must be reauthorized when another person over~~
 5.8 ~~the age of 13 joins the household, a current household member turns 13, or there is reason~~
 5.9 ~~to believe that a household member has a factor that prevents authorization. The provider~~
 5.10 ~~is required to report all family changes that would require reauthorization. When a provider~~
 5.11 ~~has been authorized for payment for providing care for families in more than one county,~~
 5.12 ~~the county responsible for reauthorization of that provider is the county of the family with~~
 5.13 ~~a current authorization for that provider and who has used the provider for the longest length~~
 5.14 ~~of time.~~

5.15 Sec. 7. Minnesota Statutes 2022, section 119B.125, subdivision 1a, is amended to read:

5.16 Subd. 1a. **Background study required.** (a) This subdivision only applies to legal,
 5.17 nonlicensed family child care providers.

5.18 (b) Prior to authorization, ~~and as part of each reauthorization required in subdivision 1,~~
 5.19 ~~the county~~ the commissioner shall perform a background study on ~~every member of the~~
 5.20 ~~provider's household who is age 13 and older. The county shall also perform a background~~
 5.21 ~~study on an individual who has reached age ten but is not yet age 13 and is living in the~~
 5.22 ~~household where the nonlicensed child care will be provided when the county has reasonable~~
 5.23 ~~cause as defined under section 245C.02, subdivision 15~~ individuals identified under section
 5.24 245C.02, subdivision 6a.

5.25 (c) After authorization, a background study shall also be performed when an individual
 5.26 identified under section 245C.02, subdivision 6a, joins the household. The provider must
 5.27 report all family changes that would require a new background study.

5.28 (d) At each reauthorization, the commissioner shall ensure that a background study
 5.29 through NETStudy 2.0 has been performed on all individuals in the provider's household
 5.30 for whom a background study is required under paragraphs (b) and (c).

5.31 (e) Prior to a background study through NETStudy 2.0 expiring, another background
 5.32 study shall be completed on all individuals for whom the background study is expiring.

6.1 Sec. 8. Minnesota Statutes 2022, section 119B.125, subdivision 1b, is amended to read:

6.2 Subd. 1b. **Training required.** (a) ~~Effective November 1, 2011,~~ Prior to initial
 6.3 authorization as required in subdivision 1, a legal nonlicensed family child care provider
 6.4 must complete first aid and CPR training and provide the verification of first aid and CPR
 6.5 training to the ~~county~~ commissioner. The training documentation must have valid effective
 6.6 dates as of the date the registration request is submitted to the ~~county~~ commissioner. The
 6.7 training must have been provided by an individual approved to provide first aid and CPR
 6.8 instruction and have included CPR techniques for infants and children.

6.9 ~~(b) Legal nonlicensed family child care providers with an authorization effective before~~
 6.10 ~~November 1, 2011, must be notified of the requirements before October 1, 2011, or at~~
 6.11 ~~authorization, and must meet the requirements upon renewal of an authorization that occurs~~
 6.12 ~~on or after January 1, 2012.~~

6.13 ~~(e)~~ (b) Upon each reauthorization after the authorization period when the initial first aid
 6.14 and CPR training requirements are met, a legal nonlicensed family child care provider must
 6.15 provide verification of at least eight hours of additional training listed in the Minnesota
 6.16 Center for Professional Development Registry.

6.17 ~~(d)~~ (c) This subdivision only applies to legal nonlicensed family child care providers.

6.18 **EFFECTIVE DATE.** This section is effective April 28, 2025.

6.19 Sec. 9. Minnesota Statutes 2022, section 119B.125, subdivision 2, is amended to read:

6.20 Subd. 2. **Persons who cannot be authorized.** (a) The provider seeking authorization
 6.21 under this section shall collect the information required under section 245C.05, ~~subdivision~~
 6.22 ~~4,~~ and forward the information to the ~~county agency~~ commissioner. The background study
 6.23 must include a review of the information required under section 245C.08, ~~subdivisions 2,~~
 6.24 ~~subdivision 3, and 4, paragraph (b).~~

6.25 (b) A legal nonlicensed family child care provider is not authorized under this section
 6.26 if:

6.27 (1) the commissioner determines that any household member who is the subject of a
 6.28 background study is ~~determined to have a disqualifying characteristic under paragraphs (b)~~
 6.29 ~~to (e) or under section 245C.14 or 245C.15. If a county has determined that a provider is~~
 6.30 ~~able to be authorized in that county, and a family in another county later selects that provider,~~
 6.31 ~~the provider is able to be authorized in the second county without undergoing a new~~
 6.32 ~~background investigation unless one of the following conditions exists:~~ disqualified from

7.1 direct contact with, or from access to, persons served by the program and that disqualification
 7.2 has not been set aside or a variance has not been granted under chapter 245C;

7.3 ~~(1) two years have passed since the first authorization;~~

7.4 ~~(2) another person age 13 or older has joined the provider's household since the last~~
 7.5 ~~authorization;~~

7.6 ~~(3) a current household member has turned 13 since the last authorization; or~~

7.7 ~~(4) there is reason to believe that a household member has a factor that prevents~~
 7.8 ~~authorization.~~

7.9 ~~(b) (2) the person has refused to give written consent for disclosure of criminal history~~
 7.10 ~~records;~~

7.11 ~~(e) (3) the person has been denied a family child care license or has received a fine or~~
 7.12 ~~a sanction as a licensed child care provider that has not been reversed on appeal;~~

7.13 ~~(d) (4) the person has a family child care licensing disqualification that has not been set~~
 7.14 ~~aside; or~~

7.15 ~~(e) (5) the person has admitted or a county has found that there is a preponderance of~~
 7.16 ~~evidence that fraudulent information was given to the county for child care assistance~~
 7.17 ~~application purposes or was used in submitting child care assistance bills for payment.~~

7.18 **EFFECTIVE DATE.** This section is effective April 28, 2025.

7.19 Sec. 10. Minnesota Statutes 2022, section 119B.125, subdivision 3, is amended to read:

7.20 Subd. 3. **Authorization exception.** When ~~a county~~ the commissioner denies a person
 7.21 authorization as a legal nonlicensed family child care provider under subdivision 2, the
 7.22 ~~county commissioner~~ later may authorize that person as a provider if the following conditions
 7.23 are met:

7.24 (1) after receiving notice of the denial of the authorization, the person applies for and
 7.25 obtains a valid child care license issued under chapter 245A, issued by a tribe, or issued by
 7.26 another state;

7.27 (2) the person maintains the valid child care license; and

7.28 (3) the person is providing child care in the state of licensure or in the area under the
 7.29 jurisdiction of the licensing tribe.

7.30 **EFFECTIVE DATE.** This section is effective April 28, 2025.

8.1 Sec. 11. Minnesota Statutes 2022, section 119B.125, subdivision 4, is amended to read:

8.2 Subd. 4. **Unsafe care.** ~~A county~~ The commissioner may deny authorization as a child
8.3 care provider to any applicant or rescind authorization of any provider when ~~the~~ a county
8.4 or commissioner knows or has reason to believe that the provider is unsafe or that the
8.5 circumstances of the chosen child care arrangement are unsafe. ~~The county must include~~
8.6 ~~the conditions under which a provider or care arrangement will be determined to be unsafe~~
8.7 ~~in the county's child care fund plan under section 119B.08, subdivision 3~~ commissioner
8.8 shall introduce statewide criteria for unsafe care by April 28, 2025.

8.9 **EFFECTIVE DATE.** This section is effective April 28, 2025.

8.10 Sec. 12. Minnesota Statutes 2022, section 119B.125, subdivision 6, is amended to read:

8.11 Subd. 6. **Record-keeping requirement.** (a) As a condition of payment, all providers
8.12 receiving child care assistance payments must:

8.13 (1) keep accurate and legible daily attendance records at the site where services are
8.14 delivered for children receiving child care assistance; and

8.15 (2) make those records available immediately to the county or the commissioner upon
8.16 request. Any records not provided to a county or the commissioner at the date and time of
8.17 the request are deemed inadmissible if offered as evidence by the provider in any proceeding
8.18 to contest an overpayment or disqualification of the provider.

8.19 (b) As a condition of payment, attendance records must be completed daily and include
8.20 the date, the first and last name of each child in attendance, and the times when each child
8.21 is dropped off and picked up. To the extent possible, the times that the child was dropped
8.22 off to and picked up from the child care provider must be entered by the person dropping
8.23 off or picking up the child. The daily attendance records must be retained at the site where
8.24 services are delivered for six years after the date of service.

8.25 (c) ~~A county or the commissioner may deny or revoke a provider's authorization to~~
8.26 ~~receive child care assistance payments under section 119B.13, subdivision 6, paragraph (d),~~
8.27 ~~pursue a fraud disqualification under section 256.98, take an action against the provider~~
8.28 ~~under chapter 245E, or establish an attendance record overpayment under paragraph (d)~~
8.29 ~~against a current or former provider.~~ When the county or the commissioner knows or has
8.30 reason to believe that ~~the~~ a current or former provider has not complied with the
8.31 record-keeping requirement in this subdivision:

8.32 (1) the commissioner may:

9.1 (i) deny or revoke a provider's authorization to receive child care assistance payments
 9.2 under section 119B.13, subdivision 6, paragraph (d);

9.3 (ii) pursue an administrative disqualification under sections 256.046, subdivision 3, and
 9.4 256.98; or

9.5 (iii) take an action against the provider under chapter 245E; or

9.6 (2) a county or the commissioner may establish an attendance record overpayment under
 9.7 paragraph (d).

9.8 (d) To calculate an attendance record overpayment under this subdivision, the
 9.9 commissioner or county agency shall subtract the maximum daily rate from the total amount
 9.10 paid to a provider for each day that a child's attendance record is missing, unavailable,
 9.11 incomplete, inaccurate, or otherwise inadequate.

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

9.14 **EFFECTIVE DATE.** This section is effective April 28, 2025.

9.15 Sec. 13. Minnesota Statutes 2022, section 119B.125, subdivision 7, is amended to read:

9.16 Subd. 7. **Failure to comply with attendance record requirements.** (a) In establishing
 9.17 an overpayment claim for failure to provide attendance records in compliance with
 9.18 subdivision 6, the county or commissioner is limited to the six years prior to the date the
 9.19 county or the commissioner requested the attendance records.

9.20 (b) The commissioner or county may periodically audit child care providers to determine
 9.21 compliance with subdivision 6.

9.22 (c) When the commissioner or county establishes an overpayment claim against a current
 9.23 or former provider, the commissioner or county must provide notice of the claim to the
 9.24 provider. A notice of overpayment claim must specify the reason for the overpayment, the
 9.25 authority for making the overpayment claim, the time period in which the overpayment
 9.26 occurred, the amount of the overpayment, and the provider's right to appeal.

9.27 (d) The commissioner or county shall seek to recoup or recover overpayments paid to
 9.28 a current or former provider.

9.29 (e) When a provider has been disqualified or convicted of fraud under section 256.98,
 9.30 theft under section 609.52, or a federal crime relating to theft of state funds or fraudulent
 9.31 billing for a program administered by the commissioner or a county, recoupment or recovery
 9.32 must be sought regardless of the amount of overpayment.

10.1 **EFFECTIVE DATE.** This section is effective April 28, 2025.

10.2 Sec. 14. Minnesota Statutes 2022, section 119B.13, subdivision 1, is amended to read:

10.3 Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~November 15, 2021~~ October 30,
10.4 2023, the maximum rate paid for child care assistance in any county or county price cluster
10.5 under the child care fund shall be:

10.6 ~~(1) for all infants and toddlers, the greater of the 40th~~ 75th percentile of the 2021 child
10.7 care provider rate survey or the rates in effect at the time of the update; ~~and.~~

10.8 ~~(2) for all preschool and school-age children, the greater of the 30th percentile of the~~
10.9 ~~2021 child care provider rate survey or the rates in effect at the time of the update.~~

10.10 (b) Beginning the first full service period on or after January 1, 2025, and every three
10.11 years thereafter, the maximum rate paid for child care assistance in a county or county price
10.12 cluster under the child care fund shall be:

10.13 ~~(1) for all infants and toddlers, the greater of the 40th~~ 75th percentile of the 2024 most
10.14 recent child care provider rate survey or the rates in effect at the time of the update; ~~and.~~

10.15 ~~(2) for all preschool and school-age children, the greater of the 30th percentile of the~~
10.16 ~~2024 child care provider rate survey or the rates in effect at the time of the update.~~

10.17 The rates under paragraph (a) continue until the rates under this paragraph go into effect.

10.18 (c) For a child care provider located within the boundaries of a city located in two or
10.19 more of the counties of Benton, Sherburne, and Stearns, the maximum rate paid for child
10.20 care assistance shall be equal to the maximum rate paid in the county with the highest
10.21 maximum reimbursement rates or the provider's charge, whichever is less. The commissioner
10.22 may: (1) assign a county with no reported provider prices to a similar price cluster; and (2)
10.23 consider county level access when determining final price clusters.

10.24 (d) A rate which includes a special needs rate paid under subdivision 3 may be in excess
10.25 of the maximum rate allowed under this subdivision.

10.26 (e) The department shall monitor the effect of this paragraph on provider rates. The
10.27 county shall pay the provider's full charges for every child in care up to the maximum
10.28 established. The commissioner shall determine the maximum rate for each type of care on
10.29 an hourly, full-day, and weekly basis, including special needs and disability care.

10.30 (f) If a child uses one provider, the maximum payment for one day of care must not
10.31 exceed the daily rate. The maximum payment for one week of care must not exceed the
10.32 weekly rate.

11.1 (g) If a child uses two providers under section 119B.097, the maximum payment must
11.2 not exceed:

11.3 (1) the daily rate for one day of care;

11.4 (2) the weekly rate for one week of care by the child's primary provider; and

11.5 (3) two daily rates during two weeks of care by a child's secondary provider.

11.6 (h) Child care providers receiving reimbursement under this chapter must not be paid
11.7 activity fees or an additional amount above the maximum rates for care provided during
11.8 nonstandard hours for families receiving assistance.

11.9 (i) If the provider charge is greater than the maximum provider rate allowed, the parent
11.10 is responsible for payment of the difference in the rates in addition to any family co-payment
11.11 fee.

11.12 (j) Beginning October 30, 2023, the maximum registration fee paid for child care
11.13 assistance in any county or county price cluster under the child care fund shall be set as
11.14 follows: ~~(1) beginning November 15, 2021,~~ the greater of the 40th 75th percentile of the
11.15 ~~2021~~ most recent child care provider rate survey or the registration fee in effect at the time
11.16 of the update; and ~~(2) beginning the first full service period on or after January 1, 2025,~~ the
11.17 ~~maximum registration fee shall be the greater of the 40th percentile of the 2024 child care~~
11.18 ~~provider rate survey or the registration fee in effect at the time of the update. The registration~~
11.19 ~~fees under clause (1) continue until the registration fees under clause (2) go into effect.~~

11.20 (k) Maximum registration fees must be set for licensed family child care and for child
11.21 care centers. For a child care provider located in the boundaries of a city located in two or
11.22 more of the counties of Benton, Sherburne, and Stearns, the maximum registration fee paid
11.23 for child care assistance shall be equal to the maximum registration fee paid in the county
11.24 with the highest maximum registration fee or the provider's charge, whichever is less.

11.25 Sec. 15. Minnesota Statutes 2022, section 119B.13, subdivision 6, is amended to read:

11.26 Subd. 6. **Provider payments.** (a) A provider shall bill only for services documented
11.27 according to section 119B.125, subdivision 6. The provider shall bill for services provided
11.28 within ten days of the end of the service period. Payments under the child care fund shall
11.29 be made within 21 days of receiving a complete bill from the provider. Counties or the state
11.30 may establish policies that make payments on a more frequent basis.

11.31 (b) If a provider has received an authorization of care and been issued a billing form for
11.32 an eligible family, the bill must be submitted within 60 days of the last date of service on

12.1 the bill. A bill submitted more than 60 days after the last date of service must be paid if the
 12.2 county determines that the provider has shown good cause why the bill was not submitted
 12.3 within 60 days. Good cause must be defined in the county's child care fund plan under
 12.4 section 119B.08, subdivision 3, and the definition of good cause must include county error.
 12.5 Any bill submitted more than a year after the last date of service on the bill must not be
 12.6 paid.

12.7 (c) If a provider provided care for a time period without receiving an authorization of
 12.8 care and a billing form for an eligible family, payment of child care assistance may only be
 12.9 made retroactively for a maximum of three months from the date the provider is issued an
 12.10 authorization of care and a billing form. For a family at application, if a provider provided
 12.11 child care during a time period without receiving an authorization of care and a billing form,
 12.12 a county may only make child care assistance payments to the provider retroactively from
 12.13 the date that child care began, or from the date that the family's eligibility began under
 12.14 section 119B.09, subdivision 7, or from the date that the family meets authorization
 12.15 requirements, not to exceed six months from the date that the provider is issued an
 12.16 authorization of care and a billing form, whichever is later.

12.17 (d) ~~A county or~~ The commissioner may refuse to issue a child care authorization to a
 12.18 certified, licensed, or legal nonlicensed provider, revoke an existing child care authorization
 12.19 to a certified, licensed, or legal nonlicensed provider, stop payment issued to a certified,
 12.20 licensed, or legal nonlicensed provider, or refuse to pay a bill submitted by a certified,
 12.21 licensed, or legal nonlicensed provider if:

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

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

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

12.29 (4) the provider is operating after:

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

12.31 (ii) an order of revocation of the provider's license issued by the commissioner; or

12.32 (iii) an order of decertification issued to the provider;

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

13.3 (6) the provider gives false child care price information; or

13.4 (7) the provider fails to report decreases in a child's attendance as required under section
 13.5 119B.125, subdivision 9.

13.6 (e) For purposes of paragraph (d), clauses (3), (5), (6), and (7), ~~the county or the~~
 13.7 commissioner may withhold the provider's authorization or payment for a period of time
 13.8 not to exceed three months beyond the time the condition has been corrected.

13.9 (f) A county's payment policies must be included in the county's child care plan under
 13.10 section 119B.08, subdivision 3. If payments are made by the state, in addition to being in
 13.11 compliance with this subdivision, the payments must be made in compliance with section
 13.12 16A.124.

13.13 (g) If the commissioner ~~or responsible county agency~~ suspends or refuses payment to a
 13.14 provider under paragraph (d), clause (1) or (2), or chapter 245E and the provider has:

13.15 (1) a disqualification for wrongfully obtaining assistance under section 256.98,
 13.16 subdivision 8, paragraph (c);

13.17 (2) an administrative disqualification under section 256.046, subdivision 3; or

13.18 (3) a termination under section 245E.02, subdivision 4, paragraph (c), clause (4), or
 13.19 245E.06;

13.20 then the provider forfeits the payment to the commissioner or the responsible county agency,
 13.21 regardless of the amount assessed in an overpayment, charged in a criminal complaint, or
 13.22 ordered as criminal restitution.

13.23 **EFFECTIVE DATE.** This section is effective April 28, 2025.

13.24 Sec. 16. Minnesota Statutes 2022, section 119B.16, subdivision 1c, is amended to read:

13.25 Subd. 1c. **Notice to providers.** (a) Before taking an action appealable under subdivision
 13.26 1a, paragraph (b), a county agency or the commissioner must mail written notice to the
 13.27 provider against whom the action is being taken. Unless otherwise specified under this
 13.28 chapter, chapter 245E, or Minnesota Rules, chapter 3400, a county agency or the
 13.29 commissioner must mail the written notice at least 15 calendar days before the adverse
 13.30 action's effective date.

14.1 (b) The notice shall state (1) the factual basis for the county agency or department's
 14.2 determination, (2) the action the county agency or department intends to take, (3) the dollar
 14.3 amount of the monetary recovery or recoupment, if known, and (4) the provider's right to
 14.4 appeal the department's proposed action.

14.5 **EFFECTIVE DATE.** This section is effective April 28, 2025.

14.6 Sec. 17. Minnesota Statutes 2022, section 119B.16, subdivision 3, is amended to read:

14.7 Subd. 3. **Fair hearing stayed.** (a) If ~~a county agency or~~ the commissioner denies or
 14.8 revokes a provider's authorization based on a licensing action under section 245A.07, and
 14.9 the provider appeals, the provider's fair hearing must be stayed until the commissioner issues
 14.10 an order as required under section 245A.08, subdivision 5.

14.11 (b) If the commissioner denies or revokes a provider's authorization based on
 14.12 decertification under section 245H.07, and the provider appeals, the provider's fair hearing
 14.13 must be stayed until the commissioner issues a final order as required under section 245H.07.

14.14 **EFFECTIVE DATE.** This section is effective April 28, 2025.

14.15 Sec. 18. Minnesota Statutes 2022, section 119B.161, subdivision 2, is amended to read:

14.16 Subd. 2. **Notice.** (a) ~~A county agency or~~ The commissioner must mail written notice to
 14.17 a provider within five days of suspending payment or denying or revoking the provider's
 14.18 authorization under subdivision 1.

14.19 (b) The notice must:

14.20 (1) state the provision under which ~~a county agency or~~ the commissioner is denying,
 14.21 revoking, or suspending the provider's authorization or suspending payment to the provider;

14.22 (2) set forth the general allegations leading to the denial, revocation, or suspension of
 14.23 the provider's authorization. The notice need not disclose any specific information concerning
 14.24 an ongoing investigation;

14.25 (3) state that the denial, revocation, or suspension of the provider's authorization is for
 14.26 a temporary period and explain the circumstances under which the action expires; and

14.27 (4) inform the provider of the right to submit written evidence and argument for
 14.28 consideration by the commissioner.

14.29 (c) Notwithstanding Minnesota Rules, part 3400.0185, if ~~a county agency or~~ the
 14.30 commissioner suspends payment to a provider under chapter 245E or denies or revokes a
 14.31 provider's authorization under section 119B.13, subdivision 6, paragraph (d), clause (1) or

15.1 (2), a county agency or the commissioner must send notice of service authorization closure
 15.2 to each affected family. The notice sent to an affected family is effective on the date the
 15.3 notice is created.

15.4 **EFFECTIVE DATE.** This section is effective April 28, 2025.

15.5 Sec. 19. Minnesota Statutes 2022, section 119B.161, subdivision 3, is amended to read:

15.6 Subd. 3. **Duration.** If a provider's payment is suspended under chapter 245E or a
 15.7 provider's authorization is denied or revoked under section 119B.13, subdivision 6, paragraph
 15.8 (d), clause (1) or (2), the provider's denial, revocation, temporary suspension, or payment
 15.9 suspension remains in effect until:

15.10 (1) the commissioner or a law enforcement authority determines that there is insufficient
 15.11 evidence warranting the action and ~~a county agency~~ or the commissioner does not pursue
 15.12 an additional administrative remedy under chapter 245E or section 256.98; or

15.13 (2) all criminal, civil, and administrative proceedings related to the provider's alleged
 15.14 misconduct conclude and any appeal rights are exhausted.

15.15 **EFFECTIVE DATE.** This section is effective April 28, 2025.

15.16 Sec. 20. Minnesota Statutes 2022, section 119B.19, subdivision 7, is amended to read:

15.17 Subd. 7. **Child care resource and referral programs.** Within each region, a child care
 15.18 resource and referral program must:

15.19 (1) maintain one database of all existing child care resources and services and one
 15.20 database of family referrals;

15.21 (2) provide a child care referral service for families;

15.22 (3) develop resources to meet the child care service needs of families;

15.23 (4) increase the capacity to provide culturally responsive child care services;

15.24 (5) coordinate professional development opportunities for child care and school-age
 15.25 care providers;

15.26 (6) administer and award child care services grants;

15.27 (7) cooperate with the Minnesota Child Care Resource and Referral Network and its
 15.28 member programs to develop effective child care services and child care resources; ~~and~~

15.29 (8) assist in fostering coordination, collaboration, and planning among child care programs
 15.30 and community programs such as school readiness, Head Start, early childhood family

16.1 education, local interagency early intervention committees, early childhood screening,
 16.2 special education services, and other early childhood care and education services and
 16.3 programs that provide flexible, family-focused services to families with young children to
 16.4 the extent possible;

16.5 (9) administer the child care one-stop regional assistance network to assist child care
 16.6 providers and individuals interested in becoming child care providers with establishing and
 16.7 sustaining a licensed family child care or group family child care program or a child care
 16.8 center; and

16.9 (10) provide supports that enable economically challenged individuals to obtain the jobs
 16.10 skills training, career counseling, and job placement assistance necessary to begin a career
 16.11 path in child care.

16.12 **Sec. 21. [119B.27] CHILD CARE RETENTION PROGRAM.**

16.13 Subdivision 1. **Establishment.** A child care retention program is established to provide
 16.14 eligible child care programs with payments to improve access to child care in Minnesota
 16.15 and to strengthen the ability of child care programs to recruit and retain qualified early
 16.16 educators to work in child care programs. The child care retention program shall be
 16.17 administered by the commissioner of human services.

16.18 Subd. 2. **Eligible programs.** (a) The following programs are eligible to receive child
 16.19 care retention payments under this section:

16.20 (1) family and group family child care homes licensed under Minnesota Rules, chapter
 16.21 9502;

16.22 (2) child care centers licensed under Minnesota Rules, chapter 9503;

16.23 (3) certified license-exempt child care centers under chapter 245H;

16.24 (4) Tribally licensed child care programs; and

16.25 (5) other programs as determined by the commissioner.

16.26 (b) To be eligible, programs must not be:

16.27 (1) the subject of a finding of fraud for which the program or individual is currently
 16.28 serving a penalty or exclusion;

16.29 (2) the subject of suspended, denied, or terminated payments to a provider under section
 16.30 256.98, subdivision 1; 119B.13, subdivision 6, paragraph (d), clauses (1) and (2); or 245E.02,
 16.31 subdivision 4, paragraph (c), clause (4), regardless of whether the action is under appeal;

17.1 (3) prohibited from receiving public funds under section 245.095, regardless of whether
17.2 the action is under appeal; or

17.3 (4) under license revocation, suspension, temporary immediate suspension, or
17.4 decertification, regardless of whether the action is under appeal.

17.5 Subd. 3. **Requirements.** (a) As a condition of payment, all providers receiving retention
17.6 payments under this section must:

17.7 (1) complete an application developed by the commissioner for each payment period
17.8 for which the eligible program applies for funding;

17.9 (2) attest and agree in writing that the program intends to remain operating and serving
17.10 a minimum number of children, as determined by the commissioner, for the duration of the
17.11 payment period, with the exceptions of:

17.12 (i) service disruptions that are necessary to protect the safety and health of children and
17.13 child care programs based on public health guidance issued by the Centers for Disease
17.14 Control and Prevention, the commissioner of health, the commissioner of human services,
17.15 or a local public health agency; and

17.16 (ii) planned temporary closures for provider vacation and holidays during each payment
17.17 period. The maximum allowed duration of vacations and holidays must be established by
17.18 the commissioner.

17.19 (b) Funds received under this section must be expended by a provider no later than six
17.20 months after the date the payment was received.

17.21 (c) Recipients must comply with all requirements listed in the application under this
17.22 section. Methods for demonstrating that requirements have been met shall be determined
17.23 by the commissioner.

17.24 (d) Recipients must keep accurate and legible records of the following at the site where
17.25 services are delivered:

17.26 (1) use of money;

17.27 (2) attendance records. Daily attendance records must be completed every day and
17.28 include the date, the first and last name of each child in attendance, and the times when
17.29 each child is dropped off and picked up. To the extent possible, the times that the child was
17.30 dropped off and picked up from the child care provider must be entered by the person
17.31 dropping off or picking up the child; and

18.1 (3) staff employment, compensation, and benefits records. Employment, compensation,
18.2 and benefits records must include time sheets or other records of daily hours worked and
18.3 documentation of compensation and benefits.

18.4 (e) The requirement to document compensation and benefits only applies to family child
18.5 care providers if retention payment funds are used for compensation and benefits.

18.6 (f) All records must be retained at the site where services are delivered for six years after
18.7 the date of receipt of payment and be made immediately available to the commissioner upon
18.8 request. Any records not provided to the commissioner at the date and time of the request
18.9 are deemed inadmissible if offered as evidence by a provider in any proceeding to contest
18.10 an overpayment or disqualification of the provider.

18.11 (g) Recipients that fail to meet the requirements under this section are subject to
18.12 discontinuation of future installment payments, recovery of overpayments, and actions under
18.13 chapter 245E. Except when based on a finding of fraud, actions to establish an overpayment
18.14 must be made within six years of receipt of the payments. Once an overpayment is
18.15 established, collection may continue until funds have been repaid in full. The appeal process
18.16 under section 119B.16 applies to actions taken for failure to meet the requirements of this
18.17 section.

18.18 Subd. 4. **Providing payments.** (a) The commissioner shall provide retention payments
18.19 under this section to all eligible programs on a noncompetitive basis.

18.20 (b) The commissioner shall award retention payments to all eligible programs. The
18.21 payment amounts shall be based on the number of full-time equivalent staff who regularly
18.22 care for children in the program, including any employees, sole proprietors, or independent
18.23 contractors.

18.24 (c) One full-time equivalent is defined as an individual caring for children 32 hours per
18.25 week. An individual can count as more or less than one full-time equivalent staff, but as no
18.26 more than two full-time equivalent staff.

18.27 (d) The amount awarded per full-time equivalent individual caring for children for each
18.28 payment type must be established by the commissioner.

18.29 (e) Payments must be increased by 25 percent for providers receiving payments through
18.30 the child care assistance programs under section 119B.03 or 119B.05 or early learning
18.31 scholarships under section 124D.165 or whose program is located in a child care access
18.32 equity area. Child care access equity areas are areas with low access to child care, high
18.33 poverty rates, high unemployment rates, low home ownership rates, and low median

19.1 household incomes. The commissioner must develop a method for establishing child care
19.2 access equity areas.

19.3 (f) The commissioner shall make payments to eligible programs under this section in
19.4 the form, frequency, and manner established by the commissioner.

19.5 Subd. 5. **Eligible uses of money.** (a) Recipients that are child care centers licensed under
19.6 Minnesota Rules, chapter 9503; certified license-exempt child care centers under chapter
19.7 245H; or Tribally licensed child care centers must use money provided under this section
19.8 to pay for increases in compensation, benefits, premium pay, or additional federal taxes
19.9 assessed on the compensation of employees as a result of paying increased compensation
19.10 or premium pay to all paid employees or independent contractors regularly caring for
19.11 children. The increases in this paragraph must occur no less frequently than once per year.

19.12 (b) Recipients that are family and group family child care homes licensed under
19.13 Minnesota Rules, chapter 9502, or are Tribally licensed family child care homes shall use
19.14 money provided under this section for one or more of the following uses:

19.15 (1) paying personnel costs, such as payroll, salaries, or similar compensation; employee
19.16 benefits; premium pay; or employee recruitment and retention for an employee, including
19.17 a sole proprietor or an independent contractor;

19.18 (2) paying rent, including rent under a lease agreement, or making payments on any
19.19 mortgage obligation, utilities, facility maintenance or improvements, or insurance;

19.20 (3) purchasing or updating equipment, supplies, goods, or services;

19.21 (4) providing mental health supports for children; or

19.22 (5) purchasing training or other professional development.

19.23 Subd. 6. **Legal nonlicensed child care provider payments.** (a) Legal nonlicensed child
19.24 care providers, as defined in section 119B.011, subdivision 16, may be eligible to apply for
19.25 a payment of up to \$500 for costs incurred before the first month when payments from the
19.26 child care assistance program are issued.

19.27 (b) Payments must be used on one or more of the following eligible activities to meet
19.28 child care assistance program requirements under sections 119B.03 and 119B.05:

19.29 (1) purchasing or updating equipment, supplies, goods, or services; or

19.30 (2) purchasing training or other professional development.

19.31 (c) The commissioner shall determine the form and manner of the application for a
19.32 payment under this subdivision.

20.1 Subd. 7. Carryforward authority. Funds appropriated under this section are available
20.2 until expended.

20.3 Subd. 8. Report. By January 1 each year, the commissioner must report to the chairs
20.4 and ranking minority members of the legislative committees with jurisdiction over child
20.5 care the number of payments provided to recipients and outcomes of the retention payment
20.6 program since the last report. This subdivision expires January 31, 2033.

20.7 Sec. 22. [119B.28] SHARED SERVICES GRANTS.

20.8 (a) The commissioner of human services shall establish a grant program to distribute
20.9 funds for the planning, establishment, expansion, improvement, or operation of shared
20.10 services alliances to allow family child care providers to achieve economies of scale. The
20.11 commissioner must develop a process to fund organizations to operate shared services
20.12 alliances that includes application forms, timelines, and standards for renewal. For purposes
20.13 of this section, "shared services alliances" means networks of licensed family child care
20.14 providers that share services to reduce costs and achieve efficiencies.

20.15 (b) Programs eligible to be a part of the shared services alliances supported through this
20.16 grant program include:

20.17 (1) family child care or group family child care homes licensed under Minnesota Rules,
20.18 chapter 9502;

20.19 (2) Tribally licensed family child care or group family child care; and

20.20 (3) individuals in the process of starting a family child care or group family child care
20.21 home.

20.22 (c) Eligible applicants include public entities and private for-profit and nonprofit
20.23 organizations.

20.24 (d) Grantees shall use the grant funds to deliver one or more of the following services:

20.25 (1) pooling the management of payroll and benefits, banking, janitorial services, food
20.26 services, and other operations;

20.27 (2) shared administrative staff for tasks such as record keeping and reporting for programs
20.28 such as the child care assistance program, Head Start, the child and adult care food program,
20.29 and early learning scholarships;

20.30 (3) coordination of bulk purchasing;

20.31 (4) management of a substitute pool;

- 21.1 (5) support for implementing shared curriculum and assessments;
- 21.2 (6) mentoring child care provider participants to improve business practices;
- 21.3 (7) provision of and training in child care management software to simplify processes
- 21.4 such as enrollment, billing, and tracking expenditures;
- 21.5 (8) support for a group of providers sharing one or more physical spaces within a larger
- 21.6 building; or
- 21.7 (9) other services as determined by the commissioner.
- 21.8 (e) The commissioner must develop a process by which grantees will report to the
- 21.9 Department of Human Services on activities funded by the grant.
- 21.10 **EFFECTIVE DATE.** This section is effective July 1, 2023.

21.11 Sec. 23. **[119B.29] CHILD CARE PROVIDER ACCESS TO TECHNOLOGY**

21.12 **GRANTS.**

- 21.13 (a) The commissioner of human services shall distribute money provided by this section
- 21.14 through grants to one or more organizations to offer grants or other supports to child care
- 21.15 providers for technology intended to improve the providers' business practices. The
- 21.16 commissioner must develop a process to fund organizations to provide technology supports
- 21.17 that includes application forms, timelines, reporting requirements, and standards for renewal.
- 21.18 (b) Programs eligible to be supported through this grant program include:
- 21.19 (1) child care centers licensed under Minnesota Rules, chapter 9503;
- 21.20 (2) family or group family child care homes licensed under Minnesota Rules, chapter
- 21.21 9502; and
- 21.22 (3) Tribally licensed centers, family child care, and group family child care.
- 21.23 (c) Eligible applicants include public entities and private for-profit and nonprofit
- 21.24 organizations with the ability to develop technology products for child care business
- 21.25 management or offer training, technical assistance, coaching, or other supports for child
- 21.26 care providers to use technology products for child care business management.
- 21.27 (d) Grantees shall use the grant funds, either directly or through grants to providers, for
- 21.28 one or more of the following purposes:
- 21.29 (1) the purchase of computers or mobile devices for use in business management;

- 22.1 (2) access to the Internet through the provision of necessary hardware such as routers
 22.2 or modems or by covering the costs of monthly fees for Internet access;
- 22.3 (3) covering the costs of subscription to child care management software;
- 22.4 (4) covering the costs of training in the use of technology for business management
 22.5 purposes; and
- 22.6 (5) other services as determined by the commissioner.

22.7 Sec. 24. Minnesota Statutes 2022, section 245C.04, subdivision 1, is amended to read:

22.8 Subdivision 1. **Licensed programs; other child care programs.** (a) The commissioner
 22.9 shall conduct a background study of an individual required to be studied under section
 22.10 245C.03, subdivision 1, at least upon application for initial license for all license types.

22.11 (b) The commissioner shall conduct a background study of an individual required to be
 22.12 studied under section 245C.03, subdivision 1, including a child care background study
 22.13 subject as defined in section 245C.02, subdivision 6a, in a family child care program, licensed
 22.14 child care center, certified license-exempt child care center, or legal nonlicensed child care
 22.15 provider, on a schedule determined by the commissioner. Except as provided in section
 22.16 245C.05, subdivision 5a, a child care background study must include submission of
 22.17 fingerprints for a national criminal history record check and a review of the information
 22.18 under section 245C.08. A background study for a child care program must be repeated
 22.19 within five years from the most recent study conducted under this paragraph.

22.20 (c) At reauthorization or when a new background study is needed under section 119B.125,
 22.21 subdivision 1a, for a legal nonlicensed child care provider authorized under chapter 119B:

22.22 (1) for a background study affiliated with a legal nonlicensed child care provider, the
 22.23 individual shall provide information required under section 245C.05, subdivision 1,
 22.24 paragraphs (a), (b), and (d), to the commissioner and be fingerprinted and photographed
 22.25 under section 245C.05, subdivision 5; and

22.26 (2) the commissioner shall verify the information received under clause (1) and submit
 22.27 the request in NETStudy 2.0 to complete the background study.

22.28 ~~(e)~~ (d) At reapplication for a family child care license:

22.29 (1) for a background study affiliated with a licensed family child care center ~~or legal~~
 22.30 ~~nonlicensed child care provider~~, the individual shall provide information required under
 22.31 section 245C.05, subdivision 1, paragraphs (a), (b), and (d), to the county agency, and be
 22.32 fingerprinted and photographed under section 245C.05, subdivision 5;

23.1 (2) the county agency shall verify the information received under clause (1) and forward
23.2 the information to the commissioner and submit the request in NETStudy 2.0 to complete
23.3 the background study; and

23.4 (3) the background study conducted by the commissioner under this paragraph must
23.5 include a review of the information required under section 245C.08.

23.6 ~~(d)~~ (e) The commissioner is not required to conduct a study of an individual at the time
23.7 of reapplication for a license if the individual's background study was completed by the
23.8 commissioner of human services and the following conditions are met:

23.9 (1) a study of the individual was conducted either at the time of initial licensure or when
23.10 the individual became affiliated with the license holder;

23.11 (2) the individual has been continuously affiliated with the license holder since the last
23.12 study was conducted; and

23.13 (3) the last study of the individual was conducted on or after October 1, 1995.

23.14 ~~(e)~~ (f) The commissioner of human services shall conduct a background study of an
23.15 individual specified under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6),
23.16 who is newly affiliated with a child foster family setting license holder:

23.17 (1) the county or private agency shall collect and forward to the commissioner the
23.18 information required under section 245C.05, subdivisions 1 and 5, when the child foster
23.19 family setting applicant or license holder resides in the home where child foster care services
23.20 are provided; and

23.21 (2) the background study conducted by the commissioner of human services under this
23.22 paragraph must include a review of the information required under section 245C.08,
23.23 subdivisions 1, 3, and 4.

23.24 ~~(f)~~ (g) The commissioner shall conduct a background study of an individual specified
23.25 under section 245C.03, subdivision 1, paragraph (a), clauses (2) to (6), who is newly affiliated
23.26 with an adult foster care or family adult day services and with a family child care license
23.27 holder or a legal nonlicensed child care provider authorized under chapter 119B and:

23.28 (1) except as provided in section 245C.05, subdivision 5a, the county shall collect and
23.29 forward to the commissioner the information required under section 245C.05, subdivision
23.30 1, paragraphs (a) and (b), and subdivision 5, paragraph (b), for background studies conducted
23.31 by the commissioner for all family adult day services, for adult foster care when the adult
23.32 foster care license holder resides in the adult foster care residence, and for family child care
23.33 and legal nonlicensed child care authorized under chapter 119B;

24.1 (2) the license holder shall collect and forward to the commissioner the information
24.2 required under section 245C.05, subdivisions 1, paragraphs (a) and (b); and 5, paragraphs
24.3 (a) and (b), for background studies conducted by the commissioner for adult foster care
24.4 when the license holder does not reside in the adult foster care residence; and

24.5 (3) the background study conducted by the commissioner under this paragraph must
24.6 include a review of the information required under section 245C.08, subdivision 1, paragraph
24.7 (a), and subdivisions 3 and 4.

24.8 ~~(g)~~ (h) Applicants for licensure, license holders, and other entities as provided in this
24.9 chapter must submit completed background study requests to the commissioner using the
24.10 electronic system known as NETStudy before individuals specified in section 245C.03,
24.11 subdivision 1, begin positions allowing direct contact in any licensed program.

24.12 ~~(h)~~ (i) For an individual who is not on the entity's active roster, the entity must initiate
24.13 a new background study through NETStudy when:

24.14 (1) an individual returns to a position requiring a background study following an absence
24.15 of 120 or more consecutive days; or

24.16 (2) a program that discontinued providing licensed direct contact services for 120 or
24.17 more consecutive days begins to provide direct contact licensed services again.

24.18 The license holder shall maintain a copy of the notification provided to the commissioner
24.19 under this paragraph in the program's files. If the individual's disqualification was previously
24.20 set aside for the license holder's program and the new background study results in no new
24.21 information that indicates the individual may pose a risk of harm to persons receiving
24.22 services from the license holder, the previous set-aside shall remain in effect.

24.23 ~~(i)~~ (j) For purposes of this section, a physician licensed under chapter 147, advanced
24.24 practice registered nurse licensed under chapter 148, or physician assistant licensed under
24.25 chapter 147A is considered to be continuously affiliated upon the license holder's receipt
24.26 from the commissioner of health or human services of the physician's, advanced practice
24.27 registered nurse's, or physician assistant's background study results.

24.28 ~~(j)~~ (k) For purposes of family child care, a substitute caregiver must receive repeat
24.29 background studies at the time of each license renewal.

24.30 ~~(k)~~ (l) A repeat background study at the time of license renewal is not required if the
24.31 family child care substitute caregiver's background study was completed by the commissioner
24.32 on or after October 1, 2017, and the substitute caregiver is on the license holder's active
24.33 roster in NETStudy 2.0.

25.1 ~~(h)~~ (m) Before and after school programs authorized under chapter 119B, are exempt
 25.2 from the background study requirements under section 123B.03, for an employee for whom
 25.3 a background study under this chapter has been completed.

25.4 **EFFECTIVE DATE.** This section is effective April 28, 2025.

25.5 Sec. 25. Minnesota Statutes 2022, section 245C.05, subdivision 4, is amended to read:

25.6 Subd. 4. **Electronic transmission.** (a) For background studies conducted by the
 25.7 Department of Human Services, the commissioner shall implement a secure system for the
 25.8 electronic transmission of:

25.9 (1) background study information to the commissioner;

25.10 (2) background study results to the license holder;

25.11 (3) background study information obtained under this section and section 245C.08 to
 25.12 counties and private agencies for background studies conducted by the commissioner for
 25.13 child foster care, including a summary of nondisqualifying results, except as prohibited by
 25.14 law; and

25.15 (4) background study results to county agencies for background studies conducted by
 25.16 the commissioner for adult foster care and family adult day services and, upon
 25.17 implementation of NETStudy 2.0, family child care ~~and legal nonlicensed child care~~
 25.18 ~~authorized under chapter 119B.~~

25.19 (b) Unless the commissioner has granted a hardship variance under paragraph (c), a
 25.20 license holder or an applicant must use the electronic transmission system known as
 25.21 NETStudy or NETStudy 2.0 to submit all requests for background studies to the
 25.22 commissioner as required by this chapter.

25.23 (c) A license holder or applicant whose program is located in an area in which high-speed
 25.24 Internet is inaccessible may request the commissioner to grant a variance to the electronic
 25.25 transmission requirement.

25.26 (d) Section 245C.08, subdivision 3, paragraph (c), applies to results transmitted under
 25.27 this subdivision.

25.28 **EFFECTIVE DATE.** This section is effective April 28, 2025.

25.29 Sec. 26. Minnesota Statutes 2022, section 245C.17, subdivision 6, is amended to read:

25.30 Subd. 6. **Notice to county agency.** For studies on individuals related to a license to
 25.31 provide adult foster care when the applicant or license holder resides in the adult foster care

26.1 residence and family adult day services and, effective upon implementation of NETStudy
26.2 2.0, family child care ~~and legal nonlicensed child care authorized under chapter 119B~~, the
26.3 commissioner shall also provide a notice of the background study results to the county
26.4 agency that initiated the background study.

26.5 **EFFECTIVE DATE.** This section is effective April 28, 2025.

26.6 Sec. 27. Minnesota Statutes 2022, section 245C.23, subdivision 2, is amended to read:

26.7 Subd. 2. **Commissioner's notice of disqualification that is not set aside.** (a) The
26.8 commissioner shall notify the license holder of the disqualification and order the license
26.9 holder to immediately remove the individual from any position allowing direct contact with
26.10 persons receiving services from the license holder if:

26.11 (1) the individual studied does not submit a timely request for reconsideration under
26.12 section 245C.21;

26.13 (2) the individual submits a timely request for reconsideration, but the commissioner
26.14 does not set aside the disqualification for that license holder under section 245C.22, unless
26.15 the individual has a right to request a hearing under section 245C.27, 245C.28, or 256.045;

26.16 (3) an individual who has a right to request a hearing under sections 245C.27 and 256.045,
26.17 or 245C.28 and chapter 14 for a disqualification that has not been set aside, does not request
26.18 a hearing within the specified time; or

26.19 (4) an individual submitted a timely request for a hearing under sections 245C.27 and
26.20 256.045, or 245C.28 and chapter 14, but the commissioner does not set aside the
26.21 disqualification under section 245A.08, subdivision 5, or 256.045.

26.22 (b) If the commissioner does not set aside the disqualification under section 245C.22,
26.23 and the license holder was previously ordered under section 245C.17 to immediately remove
26.24 the disqualified individual from direct contact with persons receiving services or to ensure
26.25 that the individual is under continuous, direct supervision when providing direct contact
26.26 services, the order remains in effect pending the outcome of a hearing under sections 245C.27
26.27 and 256.045, or 245C.28 and chapter 14.

26.28 (c) If the commissioner does not set aside the disqualification under section 245C.22,
26.29 and the license holder was not previously ordered under section 245C.17 to immediately
26.30 remove the disqualified individual from direct contact with persons receiving services or
26.31 to ensure that the individual is under continuous direct supervision when providing direct
26.32 contact services, the commissioner shall order the individual to remain under continuous

27.1 direct supervision pending the outcome of a hearing under sections 245C.27 and 256.045,
27.2 or 245C.28 and chapter 14.

27.3 (d) For background studies related to child foster care when the applicant or license
27.4 holder resides in the home where services are provided, the commissioner shall also notify
27.5 the county or private agency that initiated the study of the results of the reconsideration.

27.6 (e) For background studies related to family child care, ~~legal nonlicensed child care,~~
27.7 adult foster care programs when the applicant or license holder resides in the home where
27.8 services are provided, and family adult day services, the commissioner shall also notify the
27.9 county that initiated the study of the results of the reconsideration.

27.10 **EFFECTIVE DATE.** This section is effective April 28, 2025.

27.11 Sec. 28. Minnesota Statutes 2022, section 256.046, subdivision 3, is amended to read:

27.12 Subd. 3. **Administrative disqualification of child care providers caring for children**
27.13 **receiving child care assistance.** (a) The department ~~or local agency~~ shall pursue an
27.14 administrative disqualification, if the child care provider is accused of committing an
27.15 intentional program violation, in lieu of a criminal action when it has not been pursued.
27.16 Intentional program violations include intentionally making false or misleading statements;
27.17 intentionally misrepresenting, concealing, or withholding facts; and repeatedly and
27.18 intentionally violating program regulations under chapters 119B and 245E. Intent may be
27.19 proven by demonstrating a pattern of conduct that violates program rules under chapters
27.20 119B and 245E.

27.21 (b) To initiate an administrative disqualification, ~~a local agency or~~ the commissioner
27.22 must mail written notice by certified mail to the provider against whom the action is being
27.23 taken. Unless otherwise specified under chapter 119B or 245E or Minnesota Rules, chapter
27.24 3400, ~~a local agency or~~ the commissioner must mail the written notice at least 15 calendar
27.25 days before the adverse action's effective date. The notice shall state (1) the factual basis
27.26 for the agency's determination, (2) the action the agency intends to take, (3) the dollar amount
27.27 of the monetary recovery or recoupment, if known, and (4) the provider's right to appeal
27.28 the agency's proposed action.

27.29 (c) The provider may appeal an administrative disqualification by submitting a written
27.30 request to the Department of Human Services, Appeals Division. A provider's request must
27.31 be received by the Appeals Division no later than 30 days after the date ~~a local agency or~~
27.32 the commissioner mails the notice.

27.33 (d) The provider's appeal request must contain the following:

28.1 (1) each disputed item, the reason for the dispute, and, if applicable, an estimate of the
28.2 dollar amount involved for each disputed item;

28.3 (2) the computation the provider believes to be correct, if applicable;

28.4 (3) the statute or rule relied on for each disputed item; and

28.5 (4) the name, address, and telephone number of the person at the provider's place of
28.6 business with whom contact may be made regarding the appeal.

28.7 (e) On appeal, the issuing agency bears the burden of proof to demonstrate by a
28.8 preponderance of the evidence that the provider committed an intentional program violation.

28.9 (f) The hearing is subject to the requirements of sections 256.045 and 256.0451. The
28.10 human services judge may combine a fair hearing and administrative disqualification hearing
28.11 into a single hearing if the factual issues arise out of the same or related circumstances and
28.12 the provider receives prior notice that the hearings will be combined.

28.13 (g) A provider found to have committed an intentional program violation and is
28.14 administratively disqualified shall be disqualified, for a period of three years for the first
28.15 offense and permanently for any subsequent offense, from receiving any payments from
28.16 any child care program under chapter 119B.

28.17 (h) Unless a timely and proper appeal made under this section is received by the
28.18 department, the administrative determination of the department is final and binding.

28.19 **EFFECTIVE DATE.** This section is effective April 28, 2025.

28.20 Sec. 29. Minnesota Statutes 2022, section 256.983, subdivision 5, is amended to read:

28.21 Subd. 5. **Child care providers; financial misconduct.** (a) A county or tribal agency
28.22 may conduct investigations of financial misconduct by child care providers as described in
28.23 chapter 245E. Prior to opening an investigation, a county or tribal agency must contact the
28.24 commissioner to determine whether an investigation under this chapter may compromise
28.25 an ongoing investigation.

28.26 (b) If, upon investigation, a preponderance of evidence shows a provider committed an
28.27 intentional program violation, intentionally gave the county or tribe materially false
28.28 information on the provider's billing forms, provided false attendance records to a county,
28.29 tribe, or the commissioner, or committed financial misconduct as described in section
28.30 245E.01, subdivision 8, the county or tribal agency may recommend that the commissioner
28.31 suspend a provider's payment pursuant to chapter 245E, or deny or revoke a provider's
28.32 authorization pursuant to section 119B.13, subdivision 6, paragraph (d), clause (2), prior to

29.1 pursuing other available remedies. ~~The county or tribe must send notice in accordance with~~
 29.2 ~~the requirements of section 119B.161, subdivision 2. If a provider's payment is suspended~~
 29.3 ~~under this section, the payment suspension shall remain in effect until: (1) the commissioner,~~
 29.4 ~~county, tribe, or a law enforcement authority determines that there is insufficient evidence~~
 29.5 ~~warranting the action and a county, tribe, or the commissioner does not pursue an additional~~
 29.6 ~~administrative remedy under chapter 119B or 245E, or section 256.046 or 256.98; or (2)~~
 29.7 ~~all criminal, civil, and administrative proceedings related to the provider's alleged misconduct~~
 29.8 ~~conclude and any appeal rights are exhausted.~~

29.9 (e) ~~For the purposes of this section, an intentional program violation includes intentionally~~
 29.10 ~~making false or misleading statements; intentionally misrepresenting, concealing, or~~
 29.11 ~~withholding facts; and repeatedly and intentionally violating program regulations under~~
 29.12 ~~chapters 119B and 245E.~~

29.13 (d) ~~A provider has the right to administrative review under section 119B.161 if: (1)~~
 29.14 ~~payment is suspended under chapter 245E; or (2) the provider's authorization was denied~~
 29.15 ~~or revoked under section 119B.13, subdivision 6, paragraph (d), clause (2).~~

29.16 **EFFECTIVE DATE.** This section is effective April 28, 2025.

29.17 Sec. 30. **DIRECTION TO COMMISSIONER; TRANSITION CHILD CARE**
 29.18 **STABILIZATION GRANTS.**

29.19 (a) The commissioner of human services must continue providing child care stabilization
 29.20 grants under Laws 2021, First Special Session chapter 7, article 14, section 21, from July
 29.21 1, 2023, through September 30, 2023.

29.22 (b) The commissioner shall award transition child care stabilization grant amounts to
 29.23 all eligible programs. The transition month grant amounts must be based on the number of
 29.24 full-time equivalent staff who regularly care for children in the program, including employees,
 29.25 sole proprietors, or independent contractors. One full-time equivalent staff is defined as an
 29.26 individual caring for children 32 hours per week. An individual can count as more, or less,
 29.27 than one full-time equivalent staff, but as no more than two full-time equivalent staff.

29.28 Sec. 31. **DIRECTION TO COMMISSIONER; INCREASE FOR MAXIMUM CHILD**
 29.29 **CARE ASSISTANCE RATES.**

29.30 Notwithstanding Minnesota Statutes, section 119B.03, subdivisions 6, 6a, and 6b, the
 29.31 commissioner must allocate the additional basic sliding fee child care funds for calendar
 29.32 year 2024 to counties for updated maximum rates based on relative need to cover maximum

30.1 rate increases. In distributing the additional funds, the commissioner shall consider the
30.2 following factors by county:

30.3 (1) the number of children;

30.4 (2) the provider type;

30.5 (3) the age of children served; and

30.6 (4) the amount of the increase in maximum rates.

30.7 **Sec. 32. DIRECTION TO COMMISSIONER; ALLOCATING BASIC SLIDING**
30.8 **FEE FUNDS.**

30.9 Notwithstanding Minnesota Statutes, section 119B.03, subdivisions 6, 6a, and 6b, the
30.10 commissioner of human services must allocate additional basic sliding fee child care money
30.11 for calendar year 2025 to counties and Tribes to account for the change in the definition of
30.12 family in Minnesota Statutes, section 119B.011, in this article. In allocating the additional
30.13 money, the commissioner shall consider:

30.14 (1) the number of children in the county or Tribe who receive care from a relative
30.15 custodian who accepted a transfer of permanent legal and physical custody of a child under
30.16 section 260C.515, subdivision 4, or similar permanency disposition in Tribal code; successor
30.17 custodian or guardian as established according to section 256N.22, subdivision 10; or foster
30.18 parents in a family foster home under section 260C.007, subdivision 16b; and

30.19 (2) the average basic sliding fee cost of care in the county or Tribe.

30.20 **Sec. 33. REPEALER.**

30.21 (a) Minnesota Statutes 2022, section 119B.03, subdivision 4, is repealed.

30.22 (b) Minnesota Statutes 2022, section 245C.11, subdivision 3, is repealed.

30.23 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2023. Paragraph (b) is effective
30.24 April 28, 2025.

ARTICLE 2

CHILD SAFETY AND PERMANENCY

Section 1. [256.4791] INDEPENDENT LIVING SKILLS FOR FOSTER YOUTH GRANTS.

Subdivision 1. Program established. The commissioner shall establish direct grants to local social service agencies, Tribes, and other organizations to provide independent living services to eligible foster youth as described under section 260C.452.

Subd. 2. Grant awards. The commissioner shall request proposals and make grants to eligible applicants. The commissioner shall determine the timing and form of the application and the criteria for making grant awards to eligible applicants.

Subd. 3. Program reporting. Grant recipients shall provide the commissioner with a report that describes all of the activities and outcomes of services funded by the grant program in a format and at a time determined by the commissioner.

Subd. 4. Undistributed funds. Undistributed funds must be reallocated by the commissioner for the goals of the grant process. Undistributed funds are available until expended.

Sec. 2. [256.4792] SUPPORT BEYOND 21 GRANT PROGRAM.

Subdivision 1. Establishment and authority. The commissioner shall establish grants to one or more community-based organizations to provide services and financial support to youth eligible for the support beyond 21 program under section 260C.451, subdivision 8b.

Subd. 2. Distribution of funds by the grantee. (a) The grantee shall distribute support beyond 21 grant program funds to eligible youth to be used for basic well-being needs and housing as determined solely by the youth.

(b) The grantee shall distribute support beyond 21 grant funds on a monthly basis for 12 months.

(c) Once a youth has completed the program, the youth must receive a stipend to complete an exit survey on their experiences in the program.

(d) A grantee may not deny funding to a youth based on any criteria beyond a youth's eligibility for the support beyond 21 program under section 260C.451, subdivision 8b.

32.1 Subd. 3. **Reporting.** The selected grantee must report quarterly to the commissioner of
 32.2 human services in order to receive the quarterly payment. Information to be reported includes:

32.3 (1) a list of eligible youth who have been referred;

32.4 (2) the amount of funds that have been distributed to each youth per month;

32.5 (3) any surveys completed by youth leaving the support beyond 21 program; and

32.6 (4) other data as determined by the commissioner.

32.7 Sec. 3. **[256K.47] MINOR CONNECT GRANT PROGRAM.**

32.8 Subdivision 1. **Grant program established.** The commissioner of human services shall
 32.9 establish a grant program for the development, implementation, and evaluation of services
 32.10 to increase housing stability for unaccompanied minors who are experiencing homelessness
 32.11 or who are at risk of homelessness and not currently receiving child welfare services.

32.12 Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section and
 32.13 have the meanings given.

32.14 (b) "Child welfare services" means services provided to children by a local social services
 32.15 agency or a Tribal social services agency.

32.16 (c) "Commissioner" means the commissioner of human services.

32.17 (d) "Community-based provider" means an organization that provides services to
 32.18 unaccompanied minors who are experiencing homelessness or who are at risk of
 32.19 homelessness.

32.20 (e) "Local social services agency" means a local agency under the authority of a county
 32.21 welfare or human services board or county board of commissioners that is responsible for
 32.22 human services.

32.23 (f) "Tribal social services agency" means the unit under the authority of the governing
 32.24 body of a federally recognized Indian Tribe in Minnesota that is responsible for human
 32.25 services.

32.26 (g) "Unaccompanied minor" means a person 17 years of age or younger who is alone
 32.27 without the person's parent or guardian.

32.28 Subd. 3. **Grant eligibility and uses.** (a) Eligible applicants include local social services
 32.29 agencies, Tribal social services agencies, and community-based providers.

32.30 (b) The commissioner must award grants to eligible applicants for the development,
 32.31 implementation, and evaluation of activities and services that increase housing stability for

33.1 unaccompanied minors who are experiencing homelessness or who are at risk of
 33.2 homelessness and not currently receiving child welfare services. Eligible uses of grant
 33.3 money include:

33.4 (1) identifying and addressing structural factors that contribute to unaccompanied minors
 33.5 who are experiencing homelessness or who are being at risk of homelessness;

33.6 (2) identifying and implementing strategies to reduce racial disparities in service delivery
 33.7 and outcomes for unaccompanied minors who are experiencing homelessness or who are
 33.8 at risk of homelessness;

33.9 (3) providing culturally appropriate services that increase housing stability to an
 33.10 unaccompanied minor. Culturally appropriate services must be based on the minor's cultural
 33.11 values, beliefs, and practices and the cultural values, beliefs, and practices of the minor's
 33.12 family, community, and Tribe;

33.13 (4) using placement and reunification strategies to maintain and support an
 33.14 unaccompanied minor's relationships with the minor's parents, siblings, children, kin,
 33.15 significant others, and Tribe; and

33.16 (5) supporting an unaccompanied minor and the minor's family in the minor's community
 33.17 to safely avoid entering the child welfare system whenever possible.

33.18 (c) The commissioner may give priority to grants that involve collaboration between
 33.19 local social services agencies, Tribal social services agencies, and community-based
 33.20 providers.

33.21 Subd. 4. **Reporting.** Local social services agencies, Tribal social services agencies and
 33.22 community-based agencies must report quarterly to the commissioner:

33.23 (1) the number and identity of unaccompanied minors that the agencies serve who are
 33.24 experiencing homelessness or who are at risk of homelessness;

33.25 (2) the actions that the agency has taken to increase housing stability for unaccompanied
 33.26 minors who are experiencing homelessness or who are at risk of homelessness;

33.27 (3) any patterns identified by the agency that contribute to a lack of housing stability
 33.28 for unaccompanied minors who are experiencing homelessness or who are at risk of
 33.29 homelessness; and

33.30 (4) the changes needed in the community to prevent unaccompanied minors from
 33.31 experiencing homelessness or being at risk of homelessness.

34.1 Sec. 4. [260.014] FAMILY FIRST PREVENTION AND EARLY INTERVENTION
34.2 ALLOCATION PROGRAM.

34.3 Subdivision 1. Authorization. The commissioner shall establish a program that allocates
34.4 money to counties and federally recognized Tribes in Minnesota to provide prevention and
34.5 early intervention services under the Family First Prevention Services Act in Public Law
34.6 115-123.

34.7 Subd. 2. Uses. (a) Money allocated to counties and Tribes may be used for the following
34.8 purposes:

34.9 (1) to implement or expand any service or program that is included in the state's
34.10 prevention plan;

34.11 (2) to implement or expand any proposed service or program;

34.12 (3) to implement or expand any existing service or programming; and

34.13 (4) any other use approved by the commissioner.

34.14 A county or a Tribe must use at least ten percent of the allocation to provide services and
34.15 supports directly to families.

34.16 Subd. 3. Payments. (a) The commissioner shall allocate state funds appropriated under
34.17 this section to each county board or Tribe on a calendar-year basis using a formula established
34.18 by the commissioner.

34.19 (b) Notwithstanding this subdivision, to the extent that money is available, no county
34.20 or Tribe shall be allocated less than:

34.21 (1) \$25,000 in calendar year 2024;

34.22 (2) \$50,000 in calendar year 2025; and

34.23 (3) \$75,000 in calendar year 2026 and each year thereafter.

34.24 (c) A county agency or an initiative Tribe must submit a plan and report the use of money
34.25 as determined by the commissioner.

34.26 (d) The commissioner may distribute money under this section for a two-year period.

34.27 Subd. 4. Prohibition on supplanting existing funds. Funds received under this section
34.28 must be used to address prevention and early intervention staffing, programming, and other
34.29 activities as determined by the commissioner. Funds must not be used to supplant current
34.30 county or Tribal expenditures for these purposes.

35.1 Sec. 5. Minnesota Statutes 2022, section 260.761, subdivision 2, is amended to read:

35.2 Subd. 2. **Agency and court notice to tribes.** (a) When a local social services agency
35.3 has information that a family assessment ~~or~~ investigation, or noncaregiver sex trafficking
35.4 assessment being conducted may involve an Indian child, the local social services agency
35.5 shall notify the Indian child's tribe of the family assessment ~~or~~ investigation, or noncaregiver
35.6 sex trafficking assessment according to section 260E.18. The local social services agency
35.7 shall provide initial notice ~~shall be provided~~ by telephone and by email or facsimile. The
35.8 local social services agency shall request that the tribe or a designated tribal representative
35.9 participate in evaluating the family circumstances, identifying family and tribal community
35.10 resources, and developing case plans.

35.11 (b) When a local social services agency has information that a child receiving services
35.12 may be an Indian child, the local social services agency shall notify the tribe by telephone
35.13 and by email or facsimile of the child's full name and date of birth, the full names and dates
35.14 of birth of the child's biological parents, and, if known, the full names and dates of birth of
35.15 the child's grandparents and of the child's Indian custodian. This notification must be provided
35.16 ~~so~~ for the tribe ~~can~~ to determine if the child is enrolled in the tribe or eligible for Tribal
35.17 membership, and ~~must be provided~~ the agency must provide this notification to the Tribe
35.18 within seven days of receiving information that the child may be an Indian child. If
35.19 information regarding the child's grandparents or Indian custodian is not available within
35.20 the seven-day period, the local social services agency shall continue to request this
35.21 information and shall notify the tribe when it is received. Notice shall be provided to all
35.22 tribes to which the child may have any tribal lineage. If the identity or location of the child's
35.23 parent or Indian custodian and tribe cannot be determined, the local social services agency
35.24 shall provide the notice required in this paragraph to the United States secretary of the
35.25 interior.

35.26 (c) In accordance with sections 260C.151 and 260C.152, when a court has reason to
35.27 believe that a child placed in emergency protective care is an Indian child, the court
35.28 administrator or a designee shall, as soon as possible and before a hearing takes place, notify
35.29 the tribal social services agency by telephone and by email or facsimile of the date, time,
35.30 and location of the emergency protective case hearing. The court shall make efforts to allow
35.31 appearances by telephone for tribal representatives, parents, and Indian custodians.

35.32 (d) A local social services agency must provide the notices required under this subdivision
35.33 at the earliest possible time to facilitate involvement of the Indian child's tribe. Nothing in
35.34 this subdivision is intended to hinder the ability of the local social services agency and the
35.35 court to respond to an emergency situation. Lack of participation by a tribe shall not prevent

36.1 the tribe from intervening in services and proceedings at a later date. A tribe may participate
 36.2 in a case at any time. At any stage of the local social services agency's involvement with
 36.3 an Indian child, the agency shall provide full cooperation to the tribal social services agency,
 36.4 including disclosure of all data concerning the Indian child. Nothing in this subdivision
 36.5 relieves the local social services agency of satisfying the notice requirements in the Indian
 36.6 Child Welfare Act.

36.7 Sec. 6. [260.786] CHILD WELFARE STAFF ALLOCATION FOR TRIBES.

36.8 Subdivision 1. Allocations. The commissioner shall allocate \$80,000 annually to each
 36.9 of Minnesota's federally recognized Tribes that, at the beginning of the fiscal year, have not
 36.10 joined the American Indian Child welfare initiative under section 256.01, subdivision 14b.
 36.11 Tribes not participating in the initiative are: Bois Fort Band of Chippewa, Fond du Lac
 36.12 Band of Lake Superior Chippewa, Grand Portage Band of Lake Superior Chippewa, Lower
 36.13 Sioux Indian Community, Prairie Island Indian Community, and Upper Sioux Indian
 36.14 Community.

36.15 Subd. 2. Purposes. Funds must be used to address staffing for child protection or child
 36.16 welfare services. Funds must not be used to supplant current Tribal expenditures for these
 36.17 purposes.

36.18 Subd. 3. Reporting. By June 1 each year, Tribes receiving these funds shall provide a
 36.19 report to the commissioner. The report shall be written in a manner prescribed by the
 36.20 commissioner and must include an accounting of funds spent, staff hired, job duties, and
 36.21 other information as required by the commissioner.

36.22 Subd. 4. Redistribution of funds. If a Tribe joins the American Indian child welfare
 36.23 initiative, the payment for that Tribe shall be distributed equally among the remaining Tribes
 36.24 receiving an allocation under this section.

36.25 Sec. 7. Minnesota Statutes 2022, section 260C.007, subdivision 14, is amended to read:

36.26 Subd. 14. Egregious harm. "Egregious harm" means the infliction of bodily harm to a
 36.27 child or neglect of a child which demonstrates a grossly inadequate ability to provide
 36.28 minimally adequate parental care. The egregious harm need not have occurred in the state
 36.29 or in the county where a termination of parental rights action ~~is otherwise properly venued~~
 36.30 has proper venue. Egregious harm includes, but is not limited to:

36.31 (1) ~~conduct towards~~ toward a child that constitutes a violation of sections 609.185 to
 36.32 609.2114, 609.222, subdivision 2, 609.223, or any other similar law of any other state;

37.1 (2) the infliction of "substantial bodily harm" to a child, as defined in section 609.02,
37.2 subdivision 7a;

37.3 (3) conduct ~~towards~~ toward a child that constitutes felony malicious punishment of a
37.4 child under section 609.377;

37.5 (4) conduct ~~towards~~ toward a child that constitutes felony unreasonable restraint of a
37.6 child under section 609.255, subdivision 3;

37.7 (5) conduct ~~towards~~ toward a child that constitutes felony neglect or endangerment of
37.8 a child under section 609.378;

37.9 (6) conduct ~~towards~~ toward a child that constitutes assault under section 609.221, 609.222,
37.10 or 609.223;

37.11 (7) conduct ~~towards~~ toward a child that constitutes sex trafficking, solicitation,
37.12 inducement, ~~or~~ promotion of, or receiving profit derived from prostitution under section
37.13 609.322;

37.14 (8) conduct ~~towards~~ toward a child that constitutes murder or voluntary manslaughter
37.15 as defined by United States Code, title 18, section 1111(a) or 1112(a);

37.16 (9) conduct ~~towards~~ toward a child that constitutes aiding or abetting, attempting,
37.17 conspiring, or soliciting to commit a murder or voluntary manslaughter that constitutes a
37.18 violation of United States Code, title 18, section 1111(a) or 1112(a); or

37.19 (10) conduct toward a child that constitutes criminal sexual conduct under sections
37.20 609.342 to 609.345 or sexual extortion under section 609.3458.

37.21 Sec. 8. Minnesota Statutes 2022, section 260C.451, is amended by adding a subdivision
37.22 to read:

37.23 Subd. 8a. **Transition planing.** (a) For a youth who will be discharged from foster care
37.24 at 21 years of age or older, the responsible social services agency must develop an individual
37.25 transition plan as directed by the youth during the 180-day period immediately prior to the
37.26 youth's expected date of discharge according to section 260C.452, subdivision 4. The youth's
37.27 individual transition plan may be shared with a contracted agency providing case management
37.28 services to the youth under section 260C.452.

37.29 (b) As part of transition planning, the responsible social services agency must inform a
37.30 youth preparing to leave extended foster care of the youth's eligibility for the support beyond
37.31 21 program under subdivision 8b and must include that program in the individual transition
37.32 plan for the eligible youth. Consistent with section 13.46, the local social services agency

38.1 or initiative Tribe must refer a youth to the support beyond 21 program by providing the
38.2 program with the youth's contact information

38.3 Sec. 9. Minnesota Statutes 2022, section 260C.451, is amended by adding a subdivision
38.4 to read:

38.5 Subd. 8b. **Support beyond 21 program.** (a) The commissioner shall establish the support
38.6 beyond 21 program to provide financial assistance to a youth leaving foster care to help
38.7 ensure that the youth's basic needs are met as the youth transitions into adulthood.

38.8 (b) An individual who has left extended foster care and was discharged at the age of 21
38.9 under subdivision 3 is eligible for the support beyond 21 program.

38.10 (c) An eligible youth receiving benefits under the support beyond 21 program is also
38.11 eligible for the successful transition to adulthood program under section 260C.452.

38.12 (d) A youth who transitions to adult residential services under section 256B.092 or
38.13 256B.49 or a youth in a correctional facility licensed under section 241.021 is not eligible
38.14 for the support beyond 21 program.

38.15 (e) To the extent that funds are available under section 256.4791, an eligible youth who
38.16 participates in the support beyond 21 program must receive monthly financial assistance
38.17 for 12 months after the youth is discharged from extended foster care under subdivision 3.
38.18 The funds are available to assist the youth in meeting basic well-being and housing needs
38.19 as determined solely by the youth. Monthly payments must be reduced quarterly. Payments
38.20 must be made by a grantee according to the requirements of section 256.4791.

38.21 Sec. 10. Minnesota Statutes 2022, section 260C.452, is amended by adding a subdivision
38.22 to read:

38.23 Subd. 6. **Independent living skills grant program.** (a) The commissioner shall establish
38.24 direct grants to local social service agencies, Tribes, and other community organizations to
38.25 provide independent living services to eligible youth under this section.

38.26 (b)The commissioner shall make allocations, request proposals, and specify the
38.27 information and criteria required for applications to the independent living skills grant
38.28 program.

38.29 Sec. 11. Minnesota Statutes 2022, section 260C.605, subdivision 1, is amended to read:

38.30 Subdivision 1. **Requirements.** (a) Reasonable efforts to finalize the adoption of a child
38.31 under the guardianship of the commissioner shall be made by the responsible social services

39.1 agency responsible for permanency planning for the child. The responsible social services
39.2 agency's reasonable efforts to finalize the adoption of a child under the guardianship of the
39.3 commissioner of human services must be subject to supervision by the commissioner
39.4 pursuant to section 393.07.

39.5 (b) Reasonable efforts to make a placement in a home according to the placement
39.6 considerations under section 260C.212, subdivision 2, with a relative or foster parent who
39.7 will commit to being the permanent resource for the child in the event the child cannot be
39.8 reunified with a parent are required under section 260.012 and may be made concurrently
39.9 with reasonable, or if the child is an Indian child, active efforts to reunify the child with the
39.10 parent.

39.11 (c) Reasonable efforts under paragraph (b) must begin as soon as possible when the
39.12 child is in foster care under this chapter, but not later than the hearing required under section
39.13 260C.204.

39.14 (d) Reasonable efforts to finalize the adoption of the child include:

39.15 (1) considering the child's preference for an adoptive family;

39.16 (2) using age-appropriate engagement strategies to plan for adoption with the child;

39.17 (3) identifying an appropriate prospective adoptive parent for the child by updating the
39.18 child's identified needs using the factors in section 260C.212, subdivision 2;

39.19 (4) making an adoptive placement that meets the child's needs by:

39.20 (i) completing or updating the relative search required under section 260C.221 and giving
39.21 notice of the need for an adoptive home for the child to:

39.22 (A) relatives who have kept the agency or the court apprised of their whereabouts; or

39.23 (B) relatives of the child who are located in an updated search;

39.24 (ii) an updated search is required whenever:

39.25 (A) there is no identified prospective adoptive placement for the child notwithstanding
39.26 a finding by the court that the agency made diligent efforts under section 260C.221, in a
39.27 hearing required under section 260C.202;

39.28 (B) the child is removed from the home of an adopting parent; or

39.29 (C) the court determines that a relative search by the agency is in the best interests of
39.30 the child;

- 40.1 (iii) engaging the child's relatives or current or former foster parents to commit to being
40.2 the prospective adoptive parent of the child, and considering the child's relatives for adoptive
40.3 placement of the child in the order specified under section 260C.212, subdivision 2, paragraph
40.4 (a); or
- 40.5 (iv) when there is no identified prospective adoptive parent:
- 40.6 (A) registering the child on the state adoption exchange as required in section 259.75
40.7 unless the agency documents to the court an exception to placing the child on the state
40.8 adoption exchange reported to the commissioner;
- 40.9 (B) reviewing all families with approved adoption home studies associated with the
40.10 responsible social services agency;
- 40.11 (C) presenting the child to adoption agencies and adoption personnel who may assist
40.12 with finding an adoptive home for the child;
- 40.13 (D) using newspapers and other media to promote the particular child;
- 40.14 (E) using a private agency under grant contract with the commissioner to provide adoption
40.15 services for intensive child-specific recruitment efforts; and
- 40.16 (F) making any other efforts or using any other resources reasonably calculated to identify
40.17 a prospective adoption parent for the child;
- 40.18 (5) updating and completing the social and medical history required under sections
40.19 260C.212, subdivision 15, and 260C.609;
- 40.20 (6) making, and keeping updated, appropriate referrals required by section 260.851, the
40.21 Interstate Compact on the Placement of Children;
- 40.22 (7) giving notice regarding the responsibilities of an adoptive parent to any prospective
40.23 adoptive parent as required under section 259.35;
- 40.24 (8) offering the adopting parent the opportunity to apply for or decline adoption assistance
40.25 under chapter 256N;
- 40.26 (9) certifying the child for adoption assistance, assessing the amount of adoption
40.27 assistance, and ascertaining the status of the commissioner's decision on the level of payment
40.28 if the adopting parent has applied for adoption assistance;
- 40.29 (10) placing the child with siblings. If the child is not placed with siblings, the agency
40.30 must document reasonable efforts to place the siblings together, as well as the reason for
40.31 separation. The agency may not cease reasonable efforts to place siblings together for final

41.1 adoption until the court finds further reasonable efforts would be futile or that placement
41.2 together for purposes of adoption is not in the best interests of one of the siblings; and

41.3 (11) working with the adopting parent to file a petition to adopt the child and with the
41.4 court administrator to obtain a timely hearing to finalize the adoption.

41.5 Sec. 12. Minnesota Statutes 2022, section 260C.605, is amended by adding a subdivision
41.6 to read:

41.7 Subd. 3. **Quality assurance of recruitment efforts.** The commissioner of human services
41.8 shall establish an ongoing quality assurance process for recruitment efforts to monitor service
41.9 integrity, including practice standards and training, consumer surveys, and random reviews
41.10 of documentation.

41.11 Sec. 13. Minnesota Statutes 2022, section 260C.704, is amended to read:

41.12 **260C.704 REQUIREMENTS FOR THE QUALIFIED INDIVIDUAL'S**
41.13 **ASSESSMENT OF THE CHILD FOR PLACEMENT IN A QUALIFIED**
41.14 **RESIDENTIAL TREATMENT PROGRAM.**

41.15 (a) A qualified individual must complete an assessment of the child prior to the child's
41.16 placement in a qualified residential treatment program in a format approved by the
41.17 commissioner of human services unless, due to a crisis, the child must immediately be
41.18 placed in a qualified residential treatment program. When a child must immediately be
41.19 placed in a qualified residential treatment program without an assessment, the qualified
41.20 individual must complete the child's assessment within 30 days of the child's placement.
41.21 The qualified individual must:

41.22 (1) assess the child's needs and strengths, using an age-appropriate, evidence-based,
41.23 validated, functional assessment approved by the commissioner of human services;

41.24 (2) determine whether the child's needs can be met by the child's family members or
41.25 through placement in a family foster home; or, if not, determine which residential setting
41.26 would provide the child with the most effective and appropriate level of care to the child
41.27 in the least restrictive environment;

41.28 (3) develop a list of short- and long-term mental and behavioral health goals for the
41.29 child; and

41.30 (4) work with the child's family and permanency team using culturally competent
41.31 practices.

42.1 If a level of care determination was conducted under section 245.4885, that information
42.2 must be shared with the qualified individual and the juvenile treatment screening team.

42.3 (b) The child and the child's parents, when appropriate, may request that a specific
42.4 culturally competent qualified individual complete the child's assessment. The agency shall
42.5 make efforts to refer the child to the identified qualified individual to complete the
42.6 assessment. The assessment must not be delayed for a specific qualified individual to
42.7 complete the assessment.

42.8 (c) The qualified individual must provide the assessment, when complete, to the
42.9 responsible social services agency. If the assessment recommends placement of the child
42.10 in a qualified residential treatment facility, the agency must distribute the assessment to the
42.11 child's parent or legal guardian and file the assessment with the court report as required in
42.12 section 260C.71, subdivision 2. If the assessment does not recommend placement in a
42.13 qualified residential treatment facility, the agency must provide a copy of the assessment
42.14 to the parents or legal guardians and the guardian ad litem and file the assessment
42.15 determination with the court at the next required hearing as required in section 260C.71,
42.16 subdivision 5. If court rules and chapter 13 permit disclosure of the results of the child's
42.17 assessment, the agency may share the results of the child's assessment with the child's foster
42.18 care provider, other members of the child's family, and the family and permanency team.
42.19 The agency must not share the child's private medical data with the family and permanency
42.20 team unless: (1) chapter 13 permits the agency to disclose the child's private medical data
42.21 to the family and permanency team; or (2) the child's parent has authorized the agency to
42.22 disclose the child's private medical data to the family and permanency team.

42.23 (d) For an Indian child, the assessment of the child must follow the order of placement
42.24 preferences in the Indian Child Welfare Act of 1978, United States Code, title 25, section
42.25 1915.

42.26 (e) In the assessment determination, the qualified individual must specify in writing:

42.27 (1) the reasons why the child's needs cannot be met by the child's family or in a family
42.28 foster home. A shortage of family foster homes is not an acceptable reason for determining
42.29 that a family foster home cannot meet a child's needs;

42.30 (2) why the recommended placement in a qualified residential treatment program will
42.31 provide the child with the most effective and appropriate level of care to meet the child's
42.32 needs in the least restrictive environment possible and how placing the child at the treatment
42.33 program is consistent with the short-term and long-term goals of the child's permanency
42.34 plan; and

43.1 (3) if the qualified individual's placement recommendation is not the placement setting
43.2 that the parent, family and permanency team, child, or tribe prefer, the qualified individual
43.3 must identify the reasons why the qualified individual does not recommend the parent's,
43.4 family and permanency team's, child's, or tribe's placement preferences. The out-of-home
43.5 placement plan under section 260C.708 must also include reasons why the qualified
43.6 individual did not recommend the preferences of the parents, family and permanency team,
43.7 child, or tribe.

43.8 (f) If the qualified individual determines that the child's family or a family foster home
43.9 or other less restrictive placement may meet the child's needs, the agency must move the
43.10 child out of the qualified residential treatment program and transition the child to a less
43.11 restrictive setting within 30 days of the determination. If the responsible social services
43.12 agency has placement authority of the child, the agency must make a plan for the child's
43.13 placement according to section 260C.212, subdivision 2. The agency must file the child's
43.14 assessment determination with the court at the next required hearing.

43.15 (g) If the qualified individual recommends placing the child in a qualified residential
43.16 treatment program and if the responsible social services agency has placement authority of
43.17 the child, the agency shall make referrals to appropriate qualified residential treatment
43.18 programs and, upon acceptance by an appropriate program, place the child in an approved
43.19 or certified qualified residential treatment program.

43.20 (h) The commissioner shall establish a review process for a qualified individual's
43.21 completed assessment of a child. The review process must be developed with county and
43.22 Tribal agency representatives. The review process must ensure that the qualified individual's
43.23 assessment is an independent, objective assessment that recommends the least restrictive
43.24 setting to meet the child's needs.

43.25 Sec. 14. Minnesota Statutes 2022, section 260E.01, is amended to read:

43.26 **260E.01 POLICY.**

43.27 (a) The legislature hereby declares that the public policy of this state is to protect children
43.28 whose health or welfare may be jeopardized through maltreatment. While it is recognized
43.29 that most parents want to keep their children safe, sometimes circumstances or conditions
43.30 interfere with their ability to do so. When this occurs, the health and safety of the children
43.31 must be of paramount concern. Intervention and prevention efforts must address immediate
43.32 concerns for child safety and the ongoing risk of maltreatment and should engage the
43.33 protective capacities of families. In furtherance of this public policy, it is the intent of the
43.34 legislature under this chapter to:

- 44.1 (1) protect children and promote child safety;
- 44.2 (2) strengthen the family;
- 44.3 (3) make the home, school, and community safe for children by promoting responsible
- 44.4 child care in all settings; and
- 44.5 (4) provide, when necessary, a safe temporary or permanent home environment for
- 44.6 maltreated children.
- 44.7 (b) In addition, it is the policy of this state to:
- 44.8 (1) require the reporting of maltreatment of children in the home, school, and community
- 44.9 settings;
- 44.10 (2) provide for ~~the~~ voluntary reporting of maltreatment of children;
- 44.11 (3) require an investigation when the report alleges sexual abuse or substantial child
- 44.12 endangerment, except when the report alleges sex trafficking by a noncaregiver sex trafficker;
- 44.13 (4) provide a family assessment, if appropriate, when the report does not allege sexual
- 44.14 abuse or substantial child endangerment; ~~and~~
- 44.15 (5) provide a noncaregiver sex trafficking assessment when the report alleges sex
- 44.16 trafficking by a noncaregiver sex trafficker; and
- 44.17 (6) provide protective, family support, and family preservation services when needed
- 44.18 in appropriate cases.

44.19 Sec. 15. Minnesota Statutes 2022, section 260E.02, subdivision 1, is amended to read:

44.20 Subdivision 1. **Establishment of team.** A county shall establish a multidisciplinary

44.21 child protection team that may include, but is not ~~be~~ limited to, the director of the local

44.22 welfare agency or designees, the county attorney or designees, the county sheriff or designees,

44.23 representatives of health and education, representatives of mental health, representatives of

44.24 agencies providing specialized services or responding to youth who experience or are at

44.25 risk of experiencing sex trafficking or sexual exploitation, or other appropriate human

44.26 services or community-based agencies, and parent groups. As used in this section, a

44.27 "community-based agency" may include, but is not limited to, schools, social services

44.28 agencies, family service and mental health collaboratives, children's advocacy centers, early

44.29 childhood and family education programs, Head Start, or other agencies serving children

44.30 and families. A member of the team must be designated as the lead person of the team

44.31 responsible for the planning process to develop standards for the team's activities with

44.32 battered women's and domestic abuse programs and services.

45.1 Sec. 16. Minnesota Statutes 2022, section 260E.03, is amended by adding a subdivision
45.2 to read:

45.3 Subd. 15a. **Noncaregiver sex trafficker.** "Noncaregiver sex trafficker" means an
45.4 individual who is alleged to have engaged in the act of sex trafficking a child and who is
45.5 not a person responsible for the child's care, who does not have a significant relationship
45.6 with the child as defined in section 609.341, and who is not a person in a current or recent
45.7 position of authority as defined in section 609.341, subdivision 10.

45.8 Sec. 17. Minnesota Statutes 2022, section 260E.03, is amended by adding a subdivision
45.9 to read:

45.10 Subd. 15b. **Noncaregiver sex trafficking assessment.** "Noncaregiver sex trafficking
45.11 assessment" is a comprehensive assessment of child safety, the risk of subsequent child
45.12 maltreatment, and strengths and needs of the child and family. The local welfare agency
45.13 shall only perform a noncaregiver sex trafficking assessment when a maltreatment report
45.14 alleges sex trafficking of a child by someone other than the child's caregiver. A noncaregiver
45.15 sex trafficking assessment does not include a determination of whether child maltreatment
45.16 occurred. A noncaregiver sex trafficking assessment includes a determination of a family's
45.17 need for services to address the safety of the child or children, the safety of family members,
45.18 and the risk of subsequent child maltreatment.

45.19 Sec. 18. Minnesota Statutes 2022, section 260E.03, subdivision 22, is amended to read:

45.20 **Subd. 22. Substantial child endangerment.** "Substantial child endangerment" means
45.21 that a person responsible for a child's care, by act or omission, commits or attempts to
45.22 commit an act against a child ~~under their~~ in the person's care that constitutes any of the
45.23 following:

45.24 (1) egregious harm under subdivision 5;

45.25 (2) abandonment under section 260C.301, subdivision 2;

45.26 (3) neglect under subdivision 15, paragraph (a), clause (2), that substantially endangers
45.27 the child's physical or mental health, including a growth delay, which may be referred to
45.28 as failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

45.29 (4) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;

45.30 (5) manslaughter in the first or second degree under section 609.20 or 609.205;

45.31 (6) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;

46.1 (7) sex trafficking, solicitation, inducement, ~~and~~ or promotion of prostitution under
46.2 section 609.322;

46.3 (8) criminal sexual conduct under sections 609.342 to 609.3451;

46.4 (9) sexual extortion under section 609.3458;

46.5 (10) solicitation of children to engage in sexual conduct under section 609.352;

46.6 (11) malicious punishment or neglect or endangerment of a child under section 609.377
46.7 or 609.378;

46.8 (12) use of a minor in sexual performance under section 617.246; or

46.9 (13) parental behavior, status, or condition ~~that mandates that~~ requiring the county
46.10 attorney to file a termination of parental rights petition under section 260C.503, subdivision
46.11 2.

46.12 Sec. 19. Minnesota Statutes 2022, section 260E.14, subdivision 2, is amended to read:

46.13 Subd. 2. **Sexual abuse.** (a) The local welfare agency is the agency responsible for
46.14 investigating an allegation of sexual abuse if the alleged offender is the parent, guardian,
46.15 sibling, or an individual functioning within the family unit as a person responsible for the
46.16 child's care, or a person with a significant relationship to the child if that person resides in
46.17 the child's household.

46.18 (b) The local welfare agency is also responsible for assessing or investigating when a
46.19 child is identified as a victim of sex trafficking.

46.20 Sec. 20. Minnesota Statutes 2022, section 260E.14, subdivision 5, is amended to read:

46.21 Subd. 5. **Law enforcement.** (a) The local law enforcement agency is the agency
46.22 responsible for investigating a report of maltreatment if a violation of a criminal statute is
46.23 alleged.

46.24 (b) Law enforcement and the responsible agency must coordinate their investigations
46.25 or assessments as required under this chapter when ~~the~~: (1) a report alleges maltreatment
46.26 that is a violation of a criminal statute by a person who is a parent, guardian, sibling, person
46.27 responsible for the child's care functioning within the family unit, or by a person who lives
46.28 in the child's household and who has a significant relationship to the child; in a setting other
46.29 than a facility as defined in section 260E.03; or (2) a report alleges sex trafficking of a child.

47.1 Sec. 21. Minnesota Statutes 2022, section 260E.17, subdivision 1, is amended to read:

47.2 Subdivision 1. **Local welfare agency.** (a) Upon receipt of a report, the local welfare
47.3 agency shall determine whether to conduct a family assessment ~~or~~, an investigation, or a
47.4 noncaregiver sex trafficking assessment as appropriate to prevent or provide a remedy for
47.5 maltreatment.

47.6 (b) The local welfare agency shall conduct an investigation when the report involves
47.7 sexual abuse, except as indicated in paragraph (f), or substantial child endangerment.

47.8 (c) The local welfare agency shall begin an immediate investigation ~~if~~, at any time when
47.9 the local welfare agency is ~~using~~ responding with a family assessment ~~response~~, and the
47.10 local welfare agency determines that there is reason to believe that sexual abuse ~~or~~, substantial
47.11 child endangerment, ~~or~~ a serious threat to the child's safety exists.

47.12 (d) The local welfare agency may conduct a family assessment for reports that do not
47.13 allege sexual abuse, except as indicated in paragraph (f), or substantial child endangerment.
47.14 In determining that a family assessment is appropriate, the local welfare agency may consider
47.15 issues of child safety, parental cooperation, and the need for an immediate response.

47.16 (e) The local welfare agency may conduct a family assessment ~~on~~ for a report that was
47.17 initially screened and assigned for an investigation. In determining that a complete
47.18 investigation is not required, the local welfare agency must document the reason for
47.19 terminating the investigation and notify the local law enforcement agency if the local law
47.20 enforcement agency is conducting a joint investigation.

47.21 (f) The local welfare agency shall conduct a noncaregiver sex trafficking assessment
47.22 when a maltreatment report alleges sex trafficking of a child and the alleged offender is a
47.23 noncaregiver sex trafficker as defined by section 260E.03, subdivision 15a.

47.24 (g) During a noncaregiver sex trafficking assessment, the local welfare agency shall
47.25 initiate an immediate investigation if there is reason to believe that a child's parent, caregiver,
47.26 or household member allegedly engaged in the act of sex trafficking a child or was alleged
47.27 to have engaged in any conduct requiring the agency to conduct an investigation.

47.28 Sec. 22. Minnesota Statutes 2022, section 260E.18, is amended to read:

47.29 **260E.18 NOTICE TO CHILD'S TRIBE.**

47.30 The local welfare agency shall provide immediate notice, according to section 260.761,
47.31 subdivision 2, to an Indian child's tribe when the agency has reason to believe that the family
47.32 assessment ~~or~~, investigation, or noncaregiver sex trafficking assessment may involve an

48.1 Indian child. For purposes of this section, "immediate notice" means notice provided within
48.2 24 hours.

48.3 Sec. 23. Minnesota Statutes 2022, section 260E.20, subdivision 2, is amended to read:

48.4 Subd. 2. **Face-to-face contact.** (a) Upon receipt of a screened in report, the local welfare
48.5 agency shall ~~conduct a~~ have face-to-face contact with the child reported to be maltreated
48.6 and with the child's primary caregiver sufficient to complete a safety assessment and ensure
48.7 the immediate safety of the child. When it is possible and the report alleges substantial child
48.8 endangerment or sexual abuse, the local welfare agency is not required to provide notice
48.9 before conducting the initial face-to-face contact with the child and the child's primary
48.10 caregiver.

48.11 (b) Except in a noncaregiver sex trafficking assessment, the local welfare agency shall
48.12 have face-to-face contact with the child and primary caregiver shall occur immediately after
48.13 the agency screens in a report if sexual abuse or substantial child endangerment is alleged
48.14 and within five calendar days of a screened in report for all other reports. If the alleged
48.15 offender was not already interviewed as the primary caregiver, the local welfare agency
48.16 shall also conduct a face-to-face interview with the alleged offender in the early stages of
48.17 the assessment or investigation, except in a noncaregiver sex trafficking assessment.
48.18 Face-to-face contact with the child and primary caregiver in response to a report alleging
48.19 sexual abuse or substantial child endangerment may be postponed for no more than five
48.20 calendar days if the child is residing in a location that is confirmed to restrict contact with
48.21 the alleged offender as established in guidelines issued by the commissioner, or if the local
48.22 welfare agency is pursuing a court order for the child's caregiver to produce the child for
48.23 questioning under section 260E.22, subdivision 5.

48.24 (c) At the initial contact with the alleged offender, the local welfare agency or the agency
48.25 responsible for assessing or investigating the report must inform the alleged offender of the
48.26 complaints or allegations made against the individual in a manner consistent with laws
48.27 protecting the rights of the person who made the report. The interview with the alleged
48.28 offender may be postponed if it would jeopardize an active law enforcement investigation.
48.29 In a noncaregiver sex trafficking assessment, the local child welfare agency is not required
48.30 to inform or interview the alleged offender.

48.31 (d) The local welfare agency or the agency responsible for assessing or investigating
48.32 the report must provide the alleged offender with an opportunity to make a statement, except
48.33 in a noncaregiver sex trafficking assessment. The alleged offender may submit supporting
48.34 documentation relevant to the assessment or investigation.

49.1 Sec. 24. Minnesota Statutes 2022, section 260E.24, subdivision 2, is amended to read:

49.2 Subd. 2. **Determination after family assessment or a noncaregiver sex trafficking**
49.3 **assessment.** After conducting a family assessment or a noncaregiver sex trafficking
49.4 assessment, the local welfare agency shall determine whether child protective services are
49.5 needed to address the safety of the child and other family members and the risk of subsequent
49.6 maltreatment. The local welfare agency must document the information collected under
49.7 section 260E.20, subdivision 3, related to the completed family assessment in the child's or
49.8 family's case notes.

49.9 Sec. 25. Minnesota Statutes 2022, section 260E.24, subdivision 7, is amended to read:

49.10 Subd. 7. **Notification at conclusion of family assessment or a noncaregiver sex**
49.11 **trafficking assessment.** Within ten working days of the conclusion of a family assessment
49.12 or a noncaregiver sex trafficking assessment, the local welfare agency shall notify the parent
49.13 or guardian of the child of the need for services to address child safety concerns or significant
49.14 risk of subsequent maltreatment. The local welfare agency and the family may also jointly
49.15 agree that family support and family preservation services are needed.

49.16 Sec. 26. Minnesota Statutes 2022, section 260E.33, subdivision 1, is amended to read:

49.17 Subdivision 1. **Following a family assessment or a noncaregiver sex trafficking**
49.18 **assessment.** Administrative reconsideration is not applicable to a family assessment or
49.19 noncaregiver sex trafficking assessment since no determination concerning maltreatment
49.20 is made.

49.21 Sec. 27. Minnesota Statutes 2022, section 260E.35, subdivision 6, is amended to read:

49.22 Subd. 6. **Data retention.** (a) Notwithstanding sections 138.163 and 138.17, a record
49.23 maintained or a record derived from a report of maltreatment by a local welfare agency,
49.24 agency responsible for assessing or investigating the report, court services agency, or school
49.25 under this chapter shall be destroyed as provided in paragraphs (b) to (e) by the responsible
49.26 authority.

49.27 (b) For a report alleging maltreatment that was not accepted for an assessment or an
49.28 investigation, a family assessment case, a noncaregiver sex trafficking assessment case, and
49.29 a case where an investigation results in no determination of maltreatment or the need for
49.30 child protective services, the record must be maintained for a period of five years after the
49.31 date that the report was not accepted for assessment or investigation or the date of the final
49.32 entry in the case record. A record of a report that was not accepted must contain sufficient

50.1 information to identify the subjects of the report, the nature of the alleged maltreatment,
50.2 and the reasons ~~as to~~ why the report was not accepted. Records under this paragraph may
50.3 not be used for employment, background checks, or purposes other than to assist in future
50.4 screening decisions and risk and safety assessments.

50.5 (c) All records relating to reports that, upon investigation, indicate ~~either~~ maltreatment
50.6 or a need for child protective services shall be maintained for ten years after the date of the
50.7 final entry in the case record.

50.8 (d) All records regarding a report of maltreatment, including a notification of intent to
50.9 interview that was received by a school under section 260E.22, subdivision 7, shall be
50.10 destroyed by the school when ordered to do so by the agency conducting the assessment or
50.11 investigation. The agency shall order the destruction of the notification when other records
50.12 relating to the report under investigation or assessment are destroyed under this subdivision.

50.13 (e) Private or confidential data released to a court services agency under subdivision 3,
50.14 paragraph (d), must be destroyed by the court services agency when ordered to do so by the
50.15 local welfare agency that released the data. The local welfare agency or agency responsible
50.16 for assessing or investigating the report shall order destruction of the data when other records
50.17 relating to the assessment or investigation are destroyed under this subdivision.

50.18 Sec. 28. **COMMUNITY RESOURCE CENTERS.**

50.19 Subdivision 1. Definitions. (a) For purposes of this section, the following definitions
50.20 apply:

50.21 (b) "Commissioner" means the commissioner of human services or the commissioner's
50.22 designee.

50.23 (c) "Communities and families furthest from opportunity" means any community or
50.24 family that experiences inequities in accessing supports and services due to the community's
50.25 or family's circumstances, including but not limited to racism, income, disability, language,
50.26 gender, and geography.

50.27 (d) "Community resource center" means a community-based coordinated point of entry
50.28 that provides relationship-based, culturally responsive service navigation and other supportive
50.29 services for expecting and parenting families and youth.

50.30 (e) "Culturally responsive, relationship-based service navigation" means aiding families
50.31 in finding services and supports that are meaningful to them in ways that are built on trust
50.32 and that use cultural values, beliefs, and practices of families, communities, indigenous
50.33 families, and Tribal Nations for case planning, service design, and decision-making processes.

51.1 (f) "Expecting and parenting family" means any configuration of parents, grandparents,
51.2 guardians, foster parents, kinship caregivers, and youth who are pregnant or expecting or
51.3 have children and youth they care for and support.

51.4 (g) "Protective factors" means conditions or attributes of individuals, families,
51.5 communities, and the larger society that mitigate risk and promote the healthy development
51.6 and well-being of children, youth, and families, which are strengths that help to buffer and
51.7 support families.

51.8 Subd. 2. **Community resource centers established.** The commissioner in consultation
51.9 with other state agencies, partners, and the Community Resource Center Advisory Council
51.10 may award grants to support planning, implementation, and evaluation of community
51.11 resource centers to provide relationship-based, culturally responsive service navigation,
51.12 parent, family, and caregiver supports to expecting and parenting families with a focus on
51.13 ensuring equitable access to programs and services that promote protective factors and
51.14 support children and families.

51.15 Subd. 3. **Commissioner's duties; related infrastructure.** The commissioner in
51.16 consultation with the Community Resource Center Advisory Council shall:

51.17 (1) develop a request for proposals to support community resource centers;

51.18 (2) provide outreach and technical assistance to support applicants with data or other
51.19 matters pertaining to equity of access to funding;

51.20 (3) provide technical assistance to grantees including but not limited to skill building
51.21 and professional development, trainings, evaluation, communities of practice, networking,
51.22 and trauma informed mental health consultation;

51.23 (4) provide data collection and IT support; and

51.24 (5) provide grant coordination and management focused on promoting equity and
51.25 accountability.

51.26 Subd. 4. **Grantee duties.** At a minimum, grantees shall:

51.27 (1) provide culturally responsive, relationship-based service navigation and supports for
51.28 expecting and parenting families;

51.29 (2) improve community engagement and feedback loops to support continuous
51.30 improvement and program planning to better promote protective factors;

51.31 (3) demonstrate community-based planning with multiple partners;

52.1 (4) develop or use an existing parent and family advisory council consisting of community
 52.2 members with lived expertise to advise the work of the grantee; and

52.3 (5) participate in program evaluation, data collection, and technical assistance activities.

52.4 Subd. 5. **Eligibility.** (a) Organizations eligible to receive grant funding under this section
 52.5 include:

52.6 (1) community-based organizations, Tribal Nations, urban Indian organizations, local
 52.7 and county government agencies, schools, nonprofit agencies or any cooperative of these
 52.8 organizations; and

52.9 (2) organizations or cooperatives supporting communities and families furthest from
 52.10 opportunity.

52.11 (b) Funds must not be used to supplant any state or federal funds received by any grantee.

52.12 Subd. 6. **Community Resource Center Advisory Council; establishment and**
 52.13 **duties.** (a) The commissioner in consultation with other relevant state agencies shall appoint
 52.14 members to the Community Resource Center Advisory Council.

52.15 (b) Membership must be demographically and geographically diverse and include:

52.16 (1) parents and family members with lived experience and who are furthest from
 52.17 opportunity;

52.18 (2) community-based organizations serving families furthest from opportunity;

52.19 (3) Tribal and urban American Indian representatives;

52.20 (4) county government representatives;

52.21 (5) school and school district representatives; and

52.22 (6) state partner representatives.

52.23 (b) Duties of the Community Resource Center Advisory Council shall include but are
 52.24 not limited to:

52.25 (1) advising the commissioner on the development and funding of a network of
 52.26 community resource centers;

52.27 (2) advising the commissioner on the development of a request for proposal and grant
 52.28 award processes;

52.29 (3) advising the commissioner on the development of program outcomes and
 52.30 accountability measures; and

53.1 (4) advising the commissioner on ongoing oversight and necessary support in the
 53.2 implementation of the community resource centers.

53.3 Subd. 7. **Grantee reporting.** Grantees must report program data and outcomes in a
 53.4 manner determined by the commissioner and the Community Resource Center Advisory
 53.5 Council.

53.6 Subd. 8. **Evaluation.** The commissioner in partnership with the Community Resource
 53.7 Center Advisory Council shall develop an outcome and evaluation plan. A biannual report
 53.8 must be developed that reflects the duties of the Community Resource Center Advisory
 53.9 Council in subdivision 6 and may describe outcomes and impacts related to equity,
 53.10 community partnerships, program and service availability, child development, family
 53.11 well-being, and child welfare system involvement.

53.12 Sec. 29. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; FOSTER**
 53.13 **CARE FEDERAL CASH ASSISTANCE BENEFITS PRESERVATION.**

53.14 (a) The commissioner of human services must develop a plan to preserve and make
 53.15 available the income and resources attributable to a child in foster care to meet the best
 53.16 interests of the child. The plan must include recommendations on:

53.17 (1) policies for youth and caregiver access to preserved federal cash assistance benefit
 53.18 payments;

53.19 (2) representative payees for children in voluntary foster care for treatment pursuant to
 53.20 Minnesota Statutes, chapter 260D; and

53.21 (3) family preservation and reunification.

53.22 (b) For purposes of this section, "income and resources attributed to a child" means all
 53.23 benefits from programs administered by the Social Security Administration, including but
 53.24 not limited to retirement, survivors benefits, disability insurance programs, Supplemental
 53.25 Security Income, veterans benefits, and railroad retirement benefits.

53.26 (c) When developing the plan under this section, the commissioner shall consult or
 53.27 engage with:

53.28 (1) individuals or entities with experience in managing trusts and investment;

53.29 (2) individuals or entities with expertise in providing tax advice;

53.30 (3) individuals or entities with expertise in preserving assets to avoid negative impact
 53.31 on public assistance eligibility;

- 54.1 (4) other relevant state agencies;
- 54.2 (5) Tribal social services agencies;
- 54.3 (6) counties;
- 54.4 (7) the Children's Justice Initiative;
- 54.5 (8) organizations that serve and advocate for children and families in the child protection
- 54.6 system;
- 54.7 (9) parents, legal custodians, foster families, and kinship caregivers, to the extent possible;
- 54.8 (10) youth who have been or are currently in out-of-home placement; and
- 54.9 (11) other relevant stakeholders.
- 54.10 (d) By December 15, 2023, each county shall provide the following data for fiscal years
- 54.11 2019 and 2021 to the commissioner in a form prescribed by the commissioner:
- 54.12 (1) the nonduplicated number of children in foster care in the county who received
- 54.13 income and resources attributable to the child as defined in paragraph (b);
- 54.14 (2) the number of children for whom the county was the representative payee for income
- 54.15 and resources attributable to the child; and
- 54.16 (3) the amount of money that the county collected from income and resources attributable
- 54.17 to the child as the representative payee for children in the county.
- 54.18 (e) By January 15, 2025, the commissioner shall submit a report to the chairs and ranking
- 54.19 minority members of the legislative committees with jurisdiction over human services and
- 54.20 child welfare outlining the plan developed under this section. The report must include a
- 54.21 projected timeline for implementing the plan, estimated implementation costs, and any
- 54.22 legislative actions that may be required to implement the plan. The report must also include
- 54.23 data provided by counties related to the requirements for the parent or custodian of a child
- 54.24 to reimburse a county for the cost of care, examination, or treatment in subdivision (f).
- 54.25 (f) By December 15, 2023, every county shall provide the commissioner of human
- 54.26 services with the following data from fiscal years 2019, 2020, and 2021 in a form prescribed
- 54.27 by the commissioner:
- 54.28 (1) the nonduplicated number of cases in which the county received payments from a
- 54.29 parent or custodian of a child to reimburse the cost of care, examination, or treatment; and
- 54.30 (2) the total amount in payments that the county collected from a parent or custodian of
- 54.31 a child to reimburse the cost of care, examination or treatment.

55.1 (g) The commissioner may contract with an individual or entity to collect and analyze
55.2 financial data reported by counties in paragraphs (d) and (f).

55.3 **ARTICLE 3**

55.4 **CHILD SUPPORT**

55.5 Section 1. Minnesota Statutes 2022, section 518A.31, is amended to read:

55.6 **518A.31 SOCIAL SECURITY OR VETERANS' BENEFIT PAYMENTS**
55.7 **RECEIVED ON BEHALF OF THE CHILD.**

55.8 (a) The amount of the monthly Social Security benefits or apportioned veterans' benefits
55.9 provided for a joint child shall be included in the gross income of the parent on whose
55.10 eligibility the benefits are based.

55.11 (b) The amount of the monthly survivors' and dependents' educational assistance provided
55.12 for a joint child shall be included in the gross income of the parent on whose eligibility the
55.13 benefits are based.

55.14 (c) If Social Security or apportioned veterans' benefits are provided for a joint child
55.15 based on the eligibility of the obligor, and are received by the obligee as a representative
55.16 payee for the child or by the child attending school, then the amount of the benefits shall
55.17 also be subtracted from the obligor's net child support obligation as calculated pursuant to
55.18 section 518A.34.

55.19 (d) If the survivors' and dependents' educational assistance is provided for a joint child
55.20 based on the eligibility of the obligor, and is received by the obligee as a representative
55.21 payee for the child or by the child attending school, then the amount of the assistance shall
55.22 also be subtracted from the obligor's net child support obligation as calculated under section
55.23 518A.34.

55.24 (e) Upon a motion to modify child support, any regular or lump sum payment of Social
55.25 Security or apportioned veterans' benefit received by the obligee for the benefit of the joint
55.26 child based upon the obligor's disability prior to filing the motion to modify may be used
55.27 to satisfy arrears that remain due for the period of time for which the benefit was received.
55.28 This paragraph applies only if the derivative benefit was not considered in the guidelines
55.29 calculation of the previous child support order.

55.30 **EFFECTIVE DATE.** This section is effective January 1, 2025.

56.1 Sec. 2. Minnesota Statutes 2022, section 518A.32, subdivision 3, is amended to read:

56.2 Subd. 3. **Parent not considered voluntarily unemployed, underemployed, or employed**
 56.3 **on a less than full-time basis.** A parent is not considered voluntarily unemployed,
 56.4 underemployed, or employed on a less than full-time basis upon a showing by the parent
 56.5 that:

56.6 (1) the unemployment, underemployment, or employment on a less than full-time basis
 56.7 is temporary and will ultimately lead to an increase in income;

56.8 (2) the unemployment, underemployment, or employment on a less than full-time basis
 56.9 represents a bona fide career change that outweighs the adverse effect of that parent's
 56.10 diminished income on the child; ~~or~~

56.11 (3) the unemployment, underemployment, or employment on a less than full-time basis
 56.12 is because a parent is physically or mentally incapacitated or due to incarceration; or

56.13 (4) a governmental agency authorized to determine eligibility for general assistance or
 56.14 supplemental Social Security income has determined that the individual is eligible to receive
 56.15 general assistance or supplemental Social Security income. Actual income earned by the
 56.16 parent may be considered for the purpose of calculating child support.

56.17 **EFFECTIVE DATE.** This section is effective January 1, 2025.

56.18 Sec. 3. Minnesota Statutes 2022, section 518A.32, subdivision 4, is amended to read:

56.19 Subd. 4. **TANF or MFIP recipient.** If the parent of a joint child is a recipient of a
 56.20 temporary assistance to a needy family (TANF) ~~cash grant;~~ or comparable state-funded
 56.21 Minnesota family investment program (MFIP) benefits, no potential income is to be imputed
 56.22 to that parent.

56.23 **EFFECTIVE DATE.** This section is effective January 1, 2025.

56.24 Sec. 4. Minnesota Statutes 2022, section 518A.34, is amended to read:

56.25 **518A.34 COMPUTATION OF CHILD SUPPORT OBLIGATIONS.**

56.26 (a) To determine the presumptive child support obligation of a parent, the court shall
 56.27 follow the procedure set forth in this section.

56.28 (b) To determine the obligor's basic support obligation, the court shall:

56.29 (1) determine the gross income of each parent under section 518A.29;

57.1 (2) calculate the parental income for determining child support (PICS) of each parent,
57.2 by subtracting from the gross income the credit, if any, for each parent's nonjoint children
57.3 under section 518A.33;

57.4 (3) determine the percentage contribution of each parent to the combined PICS by
57.5 dividing the combined PICS into each parent's PICS;

57.6 (4) determine the combined basic support obligation by application of the guidelines in
57.7 section 518A.35;

57.8 (5) determine each parent's share of the combined basic support obligation by multiplying
57.9 the percentage figure from clause (3) by the combined basic support obligation in clause
57.10 (4); and

57.11 (6) apply the parenting expense adjustment formula provided in section 518A.36 to
57.12 determine the obligor's basic support obligation.

57.13 (c) If the parents have split custody of joint children, child support must be calculated
57.14 for each joint child as follows:

57.15 (1) the court shall determine each parent's basic support obligation under paragraph (b)
57.16 and include the amount of each parent's obligation in the court order. If the basic support
57.17 calculation results in each parent owing support to the other, the court shall offset the higher
57.18 basic support obligation with the lower basic support obligation to determine the amount
57.19 to be paid by the parent with the higher obligation to the parent with the lower obligation.
57.20 For the purpose of the cost-of-living adjustment required under section 518A.75, the
57.21 adjustment must be based on each parent's basic support obligation prior to offset. For the
57.22 purposes of this paragraph, "split custody" means that there are two or more joint children
57.23 and each parent has at least one joint child more than 50 percent of the time;

57.24 (2) if each parent pays all child care expenses for at least one joint child, the court shall
57.25 calculate child care support for each joint child as provided in section 518A.40. The court
57.26 shall determine each parent's child care support obligation and include the amount of each
57.27 parent's obligation in the court order. If the child care support calculation results in each
57.28 parent owing support to the other, the court shall offset the higher child care support
57.29 obligation with the lower child care support obligation to determine the amount to be paid
57.30 by the parent with the higher obligation to the parent with the lower obligation; and

57.31 (3) if each parent pays all medical or dental insurance expenses for at least one joint
57.32 child, medical support shall be calculated for each joint child as provided in section 518A.41.
57.33 The court shall determine each parent's medical support obligation and include the amount

58.1 of each parent's obligation in the court order. If the medical support calculation results in
 58.2 each parent owing support to the other, the court shall offset the higher medical support
 58.3 obligation with the lower medical support obligation to determine the amount to be paid by
 58.4 the parent with the higher obligation to the parent with the lower obligation. Unreimbursed
 58.5 and uninsured medical expenses are not included in the presumptive amount of support
 58.6 owed by a parent and are calculated and collected as provided in section 518A.41.

58.7 (d) The court shall determine the child care support obligation for the obligor as provided
 58.8 in section 518A.40.

58.9 (e) The court shall determine the medical support obligation for each parent as provided
 58.10 in section 518A.41. Unreimbursed and uninsured medical expenses are not included in the
 58.11 presumptive amount of support owed by a parent and are calculated and collected as described
 58.12 in section 518A.41.

58.13 (f) The court shall determine each parent's total child support obligation by adding
 58.14 together each parent's basic support, child care support, and health care coverage obligations
 58.15 as provided in this section.

58.16 (g) If Social Security benefits or veterans' benefits are received by one parent as a
 58.17 representative payee for a joint child based on the other parent's eligibility, the court shall
 58.18 subtract the amount of benefits from the other parent's net child support obligation, if any.
 58.19 Any benefit received by the obligee for the benefit of the joint child based upon the obligor's
 58.20 disability or past earnings in any given month in excess of the child support obligation must
 58.21 not be treated as an arrearage payment or a future payment.

58.22 (h) The final child support order shall separately designate the amount owed for basic
 58.23 support, child care support, and medical support. If applicable, the court shall use the
 58.24 self-support adjustment and minimum support adjustment under section 518A.42 to determine
 58.25 the obligor's child support obligation.

58.26 **EFFECTIVE DATE.** This section is effective January 1, 2025.

58.27 Sec. 5. Minnesota Statutes 2022, section 518A.41, is amended to read:

58.28 **518A.41 MEDICAL SUPPORT.**

58.29 Subdivision 1. **Definitions.** The definitions in this subdivision apply to this chapter and
 58.30 chapter 518.

58.31 (a) "Health care coverage" means ~~medical, dental, or other health care benefits that are~~
 58.32 ~~provided by one or more health plans. Health care coverage does not include any form of~~

59.1 ~~public coverage~~ private health care coverage, including fee for service, health maintenance
 59.2 organization, preferred provider organization, and other types of private health care coverage.
 59.3 Health care coverage also means public health care coverage under which medical or dental
 59.4 services could be provided to a dependent child.

59.5 ~~(b) "Health carrier" means a carrier as defined in sections 62A.011, subdivision 2, and~~
 59.6 ~~62L.02, subdivision 16.~~

59.7 ~~(e) "Health plan"~~ (b) "Private health care coverage" means a health plan, other than any
 59.8 form of public coverage, that provides medical, dental, or other health care benefits and is:

59.9 (1) provided on an individual or group basis;

59.10 (2) provided by an employer or union;

59.11 (3) purchased in the private market; ~~or~~

59.12 (4) provided through MinnesotaCare under chapter 256L; or

59.13 ~~(4)~~ (5) available to a person eligible to carry insurance for the joint child, including a
 59.14 party's spouse or parent.

59.15 ~~Health plan~~ Private health care coverage includes, but is not limited to, a health plan meeting
 59.16 the definition under section 62A.011, subdivision 3, except that the exclusion of coverage
 59.17 designed solely to provide dental or vision care under section 62A.011, subdivision 3, clause
 59.18 (6), does not apply to the definition of ~~health plan~~ private health care coverage under this
 59.19 section; a group health plan governed under the federal Employee Retirement Income
 59.20 Security Act of 1974 (ERISA); a self-insured plan under sections 43A.23 to 43A.317 and
 59.21 471.617; and a policy, contract, or certificate issued by a community-integrated service
 59.22 network licensed under chapter 62N.

59.23 (c) "Public health care coverage" means health care benefits provided by any form of
 59.24 medical assistance under chapter 256B. Public health care coverage does not include
 59.25 MinnesotaCare or health plans subsidized by federal premium tax credits or federal
 59.26 cost-sharing reductions.

59.27 (d) "Medical support" means providing health care coverage for a joint child ~~by carrying~~
 59.28 ~~health care coverage for the joint child or~~ by contributing to the cost of health care coverage,
 59.29 ~~public coverage,~~ unreimbursed ~~medical~~ health-related expenses, and uninsured ~~medical~~
 59.30 health-related expenses of the joint child.

59.31 (e) "National medical support notice" means an administrative notice issued by the public
 59.32 authority to enforce health insurance provisions of a support order in accordance with Code

60.1 of Federal Regulations, title 45, section 303.32, in cases where the public authority provides
60.2 support enforcement services.

60.3 ~~(f) "Public coverage" means health care benefits provided by any form of medical~~
60.4 ~~assistance under chapter 256B. Public coverage does not include MinnesotaCare or health~~
60.5 ~~plans subsidized by federal premium tax credits or federal cost-sharing reductions.~~

60.6 ~~(g)~~ (f) "Uninsured medical health-related expenses" means a joint child's reasonable and
60.7 necessary ~~health-related~~ medical and dental expenses if the joint child is not covered by a
60.8 ~~health plan or public coverage~~ private health insurance care when the expenses are incurred.

60.9 ~~(h)~~ (g) "Unreimbursed medical health-related expenses" means a joint child's reasonable
60.10 and necessary ~~health-related~~ medical and dental expenses if a joint child is covered by a
60.11 ~~health plan or public coverage~~ health care coverage and ~~the plan or~~ health care coverage
60.12 does not pay for the total cost of the expenses when the expenses are incurred. Unreimbursed
60.13 ~~medical health-related~~ expenses do not include the cost of premiums. Unreimbursed ~~medical~~
60.14 health-related expenses include, but are not limited to, deductibles, co-payments, and
60.15 expenses for orthodontia, and prescription eyeglasses and contact lenses, but not
60.16 over-the-counter medications if ~~coverage is under a health plan~~ provided through health
60.17 care coverage.

60.18 Subd. 2. **Order.** (a) A completed national medical support notice issued by the public
60.19 authority or a court order that complies with this section is a qualified medical child support
60.20 order under the federal Employee Retirement Income Security Act of 1974 (ERISA), United
60.21 States Code, title 29, section 1169(a).

60.22 (b) Every order addressing child support must state:

60.23 (1) the names, last known addresses, and Social Security numbers of the parents and the
60.24 joint child that is a subject of the order unless the court prohibits the inclusion of an address
60.25 or Social Security number and orders the parents to provide the address and Social Security
60.26 number to the administrator of the health plan;

60.27 (2) ~~if a joint child is not presently enrolled in health care coverage~~, whether appropriate
60.28 health care coverage for the joint child is available and, if so, state:

60.29 (i) the parents' responsibilities for carrying health care coverage;

60.30 (ii) the cost of premiums and how the cost is allocated between the parents; ~~and~~

60.31 (iii) the circumstances, if any, under which an obligation to provide private health care
60.32 coverage for the joint child will shift from one parent to the other; and

61.1 ~~(3) if appropriate health care coverage is not available for the joint child, (iv)~~ whether
 61.2 a contribution for ~~medical support~~ public health care coverage is required; and
 61.3 ~~(4)~~ (3) how unreimbursed or uninsured ~~medical~~ health-related expenses will be allocated
 61.4 between the parents.

61.5 Subd. 3. **Determining appropriate health care coverage.** Public health care coverage
 61.6 is presumed appropriate. In determining whether a parent has appropriate private health
 61.7 care coverage for the joint child, the court must consider the following factors:

61.8 (1) comprehensiveness of private health care coverage providing medical benefits.
 61.9 Dependent private health care coverage providing medical benefits is presumed
 61.10 comprehensive if it includes medical and hospital coverage and provides for preventive,
 61.11 emergency, acute, and chronic care; or if it meets the minimum essential coverage definition
 61.12 in United States Code, title 26, section 5000A(f). If both parents have private health care
 61.13 coverage providing medical benefits that is presumed comprehensive under this paragraph,
 61.14 the court must determine which parent's private health care coverage is more comprehensive
 61.15 by considering what other benefits are included in the private health care coverage;

61.16 (2) accessibility. Dependent private health care coverage is accessible if the covered
 61.17 joint child can obtain services from a health plan provider with reasonable effort by the
 61.18 parent with whom the joint child resides. Private health care coverage is presumed accessible
 61.19 if:

61.20 (i) primary care is available within 30 minutes or 30 miles of the joint child's residence
 61.21 and specialty care is available within 60 minutes or 60 miles of the joint child's residence;

61.22 (ii) the private health care coverage is available through an employer and the employee
 61.23 can be expected to remain employed for a reasonable amount of time; and

61.24 (iii) no preexisting conditions exist to unduly delay enrollment in private health care
 61.25 coverage;

61.26 (3) the joint child's special medical needs, if any; and

61.27 (4) affordability. Dependent private health care coverage is presumed affordable if it is
 61.28 ~~reasonable in cost. If both parents have health care coverage available for a joint child that~~
 61.29 ~~is comparable with regard to comprehensiveness of medical benefits, accessibility, and the~~
 61.30 ~~joint child's special needs, the least costly health care coverage is presumed to be the most~~
 61.31 ~~appropriate health care coverage for the joint child~~ the premium to cover the marginal cost
 61.32 of the joint child does not exceed five percent of the parents' combined monthly PICS. A
 61.33 court may additionally consider high deductibles and the cost to enroll the parent if the

62.1 parent must enroll themselves in private health care coverage to access private health care
 62.2 coverage for the child.

62.3 Subd. 4. **Ordering health care coverage.** ~~(a) If a joint child is presently enrolled in~~
 62.4 ~~health care coverage, the court must order that the parent who currently has the joint child~~
 62.5 ~~enrolled continue that enrollment unless the parties agree otherwise or a party requests a~~
 62.6 ~~change in coverage and the court determines that other health care coverage is more~~
 62.7 ~~appropriate.~~

62.8 ~~(b) If a joint child is not presently enrolled in health care coverage providing medical~~
 62.9 ~~benefits, upon motion of a parent or the public authority, the court must determine whether~~
 62.10 ~~one or both parents have appropriate health care coverage providing medical benefits for~~
 62.11 ~~the joint child.~~

62.12 (a) If a joint child is presently enrolled in health care coverage, the court shall order that
 62.13 the parent who currently has the joint child enrolled in health care coverage continue that
 62.14 enrollment if the health care coverage is appropriate as defined under subdivision 3.

62.15 ~~(e)~~ (b) If only one parent has appropriate health care coverage providing medical benefits
 62.16 available, the court must order that parent to carry the coverage for the joint child.

62.17 ~~(d)~~ (c) If both parents have appropriate health care coverage providing medical benefits
 62.18 available, the court must order the parent with whom the joint child resides to carry the
 62.19 health care coverage for the joint child, unless:

62.20 (1) a party expresses a preference for private health care coverage providing medical
 62.21 benefits available through the parent with whom the joint child does not reside;

62.22 (2) the parent with whom the joint child does not reside is already carrying dependent
 62.23 private health care coverage providing medical benefits for other children and the cost of
 62.24 contributing to the premiums of the other parent's health care coverage would cause the
 62.25 parent with whom the joint child does not reside extreme hardship; or

62.26 (3) the parties agree as to which parent will carry health care coverage providing medical
 62.27 benefits and agree on the allocation of costs.

62.28 ~~(e)~~ (d) If the exception in paragraph ~~(d)~~ (c), clause (1) or (2), applies, the court must
 62.29 determine which parent has the most appropriate health care coverage providing medical
 62.30 benefits available and order that parent to carry health care coverage for the joint child.

62.31 ~~(f)~~ (e) If neither parent has appropriate health care coverage available, the court must
 62.32 order the parents to:

63.1 ~~(1)~~ contribute toward the actual health care costs of the joint children based on a pro
63.2 rata share; ~~or,~~

63.3 ~~(2) if the joint child is receiving any form of public coverage, the parent with whom the~~
63.4 ~~joint child does not reside shall contribute a monthly amount toward the actual cost of public~~
63.5 ~~coverage. The amount of the noncustodial parent's contribution is determined by applying~~
63.6 ~~the noncustodial parent's PICS to the premium scale for MinnesotaCare under section~~
63.7 ~~256L.15, subdivision 2, paragraph (d). If the noncustodial parent's PICS meets the eligibility~~
63.8 ~~requirements for MinnesotaCare, the contribution is the amount the noncustodial parent~~
63.9 ~~would pay for the child's premium. If the noncustodial parent's PICS exceeds the eligibility~~
63.10 ~~requirements, the contribution is the amount of the premium for the highest eligible income~~
63.11 ~~on the premium scale for MinnesotaCare under section 256L.15, subdivision 2, paragraph~~
63.12 ~~(d). For purposes of determining the premium amount, the noncustodial parent's household~~
63.13 ~~size is equal to one parent plus the child or children who are the subject of the child support~~
63.14 ~~order. The custodial parent's obligation is determined under the requirements for public~~
63.15 ~~coverage as set forth in chapter 256B; or~~

63.16 ~~(3) if the noncustodial parent's PICS meet the eligibility requirement for public coverage~~
63.17 ~~under chapter 256B or the noncustodial parent receives public assistance, the noncustodial~~
63.18 ~~parent must not be ordered to contribute toward the cost of public coverage.~~

63.19 ~~(g)~~ (f) If neither parent has appropriate health care coverage available, the court may
63.20 order the parent with whom the child resides to apply for public health care coverage for
63.21 the child.

63.22 ~~(h) The commissioner of human services must publish a table with the premium schedule~~
63.23 ~~for public coverage and update the chart for changes to the schedule by July 1 of each year.~~

63.24 ~~(i)~~ (g) If a joint child is not presently enrolled in private health care coverage providing
63.25 dental benefits, upon motion of a parent or the public authority, the court must determine
63.26 whether one or both parents have appropriate ~~dental~~ private health care coverage providing
63.27 dental benefits for the joint child, and the court may order a parent with appropriate ~~dental~~
63.28 private health care coverage providing dental benefits available to carry the health care
63.29 coverage for the joint child.

63.30 ~~(j)~~ (h) If a joint child is not presently enrolled in available private health care coverage
63.31 providing benefits other than medical benefits or dental benefits, upon motion of a parent
63.32 or the public authority, the court may determine whether ~~that other~~ private health care
63.33 coverage providing other health benefits for the joint child is appropriate, and the court may

64.1 order a parent with that appropriate private health care coverage available to carry the
64.2 coverage for the joint child.

64.3 Subd. 5. **Medical support costs; unreimbursed and uninsured ~~medical~~ health-related**
64.4 **expenses.** (a) Unless otherwise agreed to by the parties and approved by the court, the court
64.5 must order that the cost of private health care coverage and all unreimbursed and uninsured
64.6 ~~medical~~ health-related expenses ~~under the health plan~~ be divided between the obligor and
64.7 obligee based on their proportionate share of the parties' combined monthly PICS. The
64.8 amount allocated for medical support is considered child support but is not subject to a
64.9 cost-of-living adjustment under section 518A.75.

64.10 (b) If a party owes a ~~joint-child~~ basic support obligation for a joint child and is ordered
64.11 to carry private health care coverage for the joint child, and the other party is ordered to
64.12 contribute to the carrying party's cost for coverage, the carrying party's ~~child~~ basic support
64.13 payment must be reduced by the amount of the contributing party's contribution.

64.14 (c) If a party owes a ~~joint-child~~ basic support obligation for a joint child and is ordered
64.15 to contribute to the other party's cost for carrying private health care coverage for the joint
64.16 child, the contributing party's child support payment must be increased by the amount of
64.17 the contribution. The contribution toward private health care coverage must not be charged
64.18 in any month in which the party ordered to carry private health care coverage fails to maintain
64.19 private coverage.

64.20 (d) If the party ordered to carry private health care coverage for the joint child already
64.21 carries dependent private health care coverage for other dependents and would incur no
64.22 additional premium costs to add the joint child to the existing health care coverage, the court
64.23 must not order the other party to contribute to the premium costs for health care coverage
64.24 of the joint child.

64.25 (e) If a party ordered to carry private health care coverage for the joint child does not
64.26 already carry dependent private health care coverage but has other dependents who may be
64.27 added to the ordered health care coverage, the full premium costs of the dependent private
64.28 health care coverage must be allocated between the parties in proportion to the party's share
64.29 of the parties' combined monthly PICS, unless the parties agree otherwise.

64.30 (f) If a party ordered to carry private health care coverage for the joint child is required
64.31 to enroll in a health plan so that the joint child can be enrolled in dependent private health
64.32 care coverage under the plan, the court must allocate the costs of the dependent private
64.33 health care coverage between the parties. The costs of the private health care coverage for

65.1 the party ordered to carry the health care coverage for the joint child must not be allocated
65.2 between the parties.

65.3 (g) If the joint child is receiving any form of public health care coverage:

65.4 (1) the parent with whom the joint child does not reside shall contribute a monthly
65.5 amount toward the actual cost of public health care coverage. The amount of the noncustodial
65.6 parent's contribution is determined by applying the noncustodial parent's PICS to the premium
65.7 scale for MinnesotaCare under section 256L.15, subdivision 2, paragraph (d). If the
65.8 noncustodial parent's PICS meets the eligibility requirements for MinnesotaCare, the
65.9 contribution is the amount that the noncustodial parent would pay for the child's premium;

65.10 (2) if the noncustodial parent's PICS exceeds the eligibility requirements, the contribution
65.11 is the amount of the premium for the highest eligible income on the premium scale for
65.12 MinnesotaCare under section 256L.15, subdivision 2, paragraph (d). For purposes of
65.13 determining the premium amount, the noncustodial parent's household size is equal to one
65.14 parent plus the child or children who are the subject of the order;

65.15 (3) the custodial parent's obligation is determined under the requirements for public
65.16 health care coverage in chapter 256B; or

65.17 (4) if the noncustodial parent's PICS is less than 200 percent of the federal poverty
65.18 guidelines for one person or the noncustodial parent receives public assistance, the
65.19 noncustodial parent must not be ordered to contribute toward the cost of public health care
65.20 coverage.

65.21 (h) The commissioner of human services must publish a table for section 256L.15,
65.22 subdivision 2, paragraph (d), and update the table with changes to the schedule by July 1
65.23 of each year.

65.24 **Subd. 6. Notice or court order sent to party's employer, union, or health carrier. (a)**
65.25 The public authority must forward a copy of the national medical support notice or court
65.26 order for private health care coverage to the party's employer within two business days after
65.27 the date the party is entered into the work reporting system under section 256.998.

65.28 (b) The public authority or a party seeking to enforce an order for private health care
65.29 coverage must forward a copy of the national medical support notice or court order to the
65.30 obligor's employer or union, or to the health carrier under the following circumstances:

65.31 (1) the party ordered to carry private health care coverage for the joint child fails to
65.32 provide written proof to the other party or the public authority, within 30 days of the effective

66.1 date of the court order, that the party has applied for private health care coverage for the
66.2 joint child;

66.3 (2) the party seeking to enforce the order or the public authority gives written notice to
66.4 the party ordered to carry private health care coverage for the joint child of its intent to
66.5 enforce medical support. The party seeking to enforce the order or public authority must
66.6 mail the written notice to the last known address of the party ordered to carry private health
66.7 care coverage for the joint child; and

66.8 (3) the party ordered to carry private health care coverage for the joint child fails, within
66.9 15 days after the date on which the written notice under clause (2) was mailed, to provide
66.10 written proof to the other party or the public authority that the party has applied for private
66.11 health care coverage for the joint child.

66.12 (c) The public authority is not required to forward a copy of the national medical support
66.13 notice or court order to the obligor's employer or union, or to the health carrier, if the court
66.14 orders private health care coverage for the joint child that is not employer-based or
66.15 union-based coverage.

66.16 **Subd. 7. Employer or union requirements.** (a) An employer or union must forward
66.17 the national medical support notice or court order to its health plan within 20 business days
66.18 after the date on the national medical support notice or after receipt of the court order.

66.19 (b) Upon determination by an employer's or union's health plan administrator that a joint
66.20 child is eligible to be covered under the health plan, the employer or union and health plan
66.21 must enroll the joint child as a beneficiary in the health plan, and the employer must withhold
66.22 any required premiums from the income or wages of the party ordered to carry health care
66.23 coverage for the joint child.

66.24 (c) If enrollment of the party ordered to carry private health care coverage for a joint
66.25 child is necessary to obtain dependent private health care coverage under the plan, and the
66.26 party is not enrolled in the health plan, the employer or union must enroll the party in the
66.27 plan.

66.28 (d) Enrollment of dependents and, if necessary, the party ordered to carry private health
66.29 care coverage for the joint child must be immediate and not dependent upon open enrollment
66.30 periods. Enrollment is not subject to the underwriting policies under section 62A.048.

66.31 (e) Failure of the party ordered to carry private health care coverage for the joint child
66.32 to execute any documents necessary to enroll the dependent in the health plan does not
66.33 affect the obligation of the employer or union and health plan to enroll the dependent in a

67.1 plan. Information and authorization provided by the public authority, or by a party or
67.2 guardian, is valid for the purposes of meeting enrollment requirements of the health plan.

67.3 (f) An employer or union that is included under the federal Employee Retirement Income
67.4 Security Act of 1974 (ERISA), United States Code, title 29, section 1169(a), may not deny
67.5 enrollment to the joint child or to the parent if necessary to enroll the joint child based on
67.6 exclusionary clauses described in section 62A.048.

67.7 (g) A new employer or union of a party who is ordered to provide private health care
67.8 coverage for a joint child must enroll the joint child in the party's health plan as required
67.9 by a national medical support notice or court order.

67.10 Subd. 8. **Health plan requirements.** (a) If a health plan administrator receives a
67.11 completed national medical support notice or court order, the plan administrator must notify
67.12 the parties, and the public authority if the public authority provides support enforcement
67.13 services, within 40 business days after the date of the notice or after receipt of the court
67.14 order, of the following:

67.15 (1) whether health care coverage is available to the joint child under the terms of the
67.16 health plan and, if not, the reason why health care coverage is not available;

67.17 (2) whether the joint child is covered under the health plan;

67.18 (3) the effective date of the joint child's coverage under the health plan; and

67.19 (4) what steps, if any, are required to effectuate the joint child's coverage under the health
67.20 plan.

67.21 (b) If the employer or union offers more than one plan and the national medical support
67.22 notice or court order does not specify the plan to be carried, the plan administrator must
67.23 notify the parents and the public authority if the public authority provides support
67.24 enforcement services. When there is more than one option available under the plan, the
67.25 public authority, in consultation with the parent with whom the joint child resides, must
67.26 promptly select from available plan options.

67.27 (c) The plan administrator must provide the parents and public authority, if the public
67.28 authority provides support enforcement services, with a notice of the joint child's enrollment,
67.29 description of the health care coverage, and any documents necessary to effectuate coverage.

67.30 (d) The health plan must send copies of all correspondence regarding the private health
67.31 care coverage to the parents.

68.1 (e) An insured joint child's parent's signature is a valid authorization to a health plan for
68.2 purposes of processing an insurance reimbursement payment to the medical services provider
68.3 or to the parent, if medical services have been prepaid by that parent.

68.4 Subd. 9. **Employer or union liability.** (a) An employer or union that willfully fails to
68.5 comply with the order or notice is liable for any uninsured ~~medical~~ health-related expenses
68.6 incurred by the dependents while the dependents were eligible to be enrolled in the health
68.7 plan and for any other premium costs incurred because the employer or union willfully
68.8 failed to comply with the order or notice.

68.9 (b) An employer or union that fails to comply with the order or notice is subject to a
68.10 contempt finding, a \$250 civil penalty under section 518A.73, and is subject to a civil penalty
68.11 of \$500 to be paid to the party entitled to reimbursement or the public authority. Penalties
68.12 paid to the public authority are designated for child support enforcement services.

68.13 Subd. 10. **Contesting enrollment.** (a) A party may contest a joint child's enrollment in
68.14 a health plan on the limited grounds that the enrollment is improper due to mistake of fact
68.15 or that the enrollment meets the requirements of section 518.145.

68.16 (b) If the party chooses to contest the enrollment, the party must do so no later than 15
68.17 days after the employer notifies the party of the enrollment by doing the following:

68.18 (1) filing a motion in district court or according to section 484.702 and the expedited
68.19 child support process rules if the public authority provides support enforcement services;

68.20 (2) serving the motion on the other party and public authority if the public authority
68.21 provides support enforcement services; and

68.22 (3) securing a date for the matter to be heard no later than 45 days after the notice of
68.23 enrollment.

68.24 (c) The enrollment must remain in place while the party contests the enrollment.

68.25 Subd. 11. **Disenrollment; continuation of coverage; coverage options.** (a) Unless a
68.26 court order provides otherwise, a child for whom a party is required to provide private health
68.27 care coverage under this section must be covered as a dependent of the party until the child
68.28 is emancipated, until further order of the court, or as consistent with the terms of the health
68.29 care coverage.

68.30 (b) The health carrier, employer, or union may not disenroll or eliminate health care
68.31 coverage for the child unless:

69.1 (1) the health carrier, employer, or union is provided satisfactory written evidence that
69.2 the court order is no longer in effect;

69.3 (2) the joint child is or will be enrolled in comparable private health care coverage
69.4 through another health plan that will take effect no later than the effective date of the
69.5 disenrollment;

69.6 (3) the employee is no longer eligible for dependent health care coverage; or

69.7 (4) the required premium has not been paid by or on behalf of the joint child.

69.8 (c) The health plan must provide 30 days' written notice to the joint child's parents, and
69.9 the public authority if the public authority provides support enforcement services, before
69.10 the health plan disenrolls or eliminates the joint child's health care coverage.

69.11 (d) A joint child enrolled in private health care coverage under a qualified medical child
69.12 support order, including a national medical support notice, under this section is a dependent
69.13 and a qualified beneficiary under the Consolidated Omnibus Budget and Reconciliation Act
69.14 of 1985 (COBRA), Public Law 99-272. Upon expiration of the order, the joint child is
69.15 entitled to the opportunity to elect continued health care coverage that is available under
69.16 the health plan. The employer or union must provide notice to the parties and the public
69.17 authority, if it provides support services, within ten days of the termination date.

69.18 (e) If the public authority provides support enforcement services and a plan administrator
69.19 reports to the public authority that there is more than one coverage option available under
69.20 the health plan, the public authority, in consultation with the parent with whom the joint
69.21 child resides, must promptly select health care coverage from the available options.

69.22 Subd. 12. **Spousal or former spousal coverage.** The court must require the parent with
69.23 whom the joint child does not reside to provide dependent private health care coverage for
69.24 the benefit of the parent with whom the joint child resides if the parent with whom the child
69.25 does not reside is ordered to provide dependent private health care coverage for the parties'
69.26 joint child and adding the other parent to the health care coverage results in no additional
69.27 premium cost.

69.28 Subd. 13. **Disclosure of information.** (a) If the public authority provides support
69.29 enforcement services, the parties must provide the public authority with the following
69.30 information:

69.31 (1) information relating to dependent health care coverage ~~or public coverage~~ available
69.32 for the benefit of the joint child for whom support is sought, including all information
69.33 required to be included in a medical support order under this section;

70.1 (2) verification that application for court-ordered health care coverage was made within
70.2 30 days of the court's order; and

70.3 (3) the reason that a joint child is not enrolled in court-ordered health care coverage, if
70.4 a joint child is not enrolled in health care coverage or subsequently loses health care coverage.

70.5 (b) Upon request from the public authority under section 256.978, an employer, union,
70.6 or plan administrator, including an employer subject to the federal Employee Retirement
70.7 Income Security Act of 1974 (ERISA), United States Code, title 29, section 1169(a), must
70.8 provide the public authority the following information:

70.9 (1) information relating to dependent private health care coverage available to a party
70.10 for the benefit of the joint child for whom support is sought, including all information
70.11 required to be included in a medical support order under this section; and

70.12 (2) information that will enable the public authority to determine whether a health plan
70.13 is appropriate for a joint child, including, but not limited to, all available plan options, any
70.14 geographic service restrictions, and the location of service providers.

70.15 (c) The employer, union, or plan administrator must not release information regarding
70.16 one party to the other party. The employer, union, or plan administrator must provide both
70.17 parties with insurance identification cards and all necessary written information to enable
70.18 the parties to utilize the insurance benefits for the covered dependent.

70.19 (d) The public authority is authorized to release to a party's employer, union, or health
70.20 plan information necessary to verify availability of dependent private health care coverage,
70.21 or to establish, modify, or enforce medical support.

70.22 (e) An employee must disclose to an employer if medical support is required to be
70.23 withheld under this section and the employer must begin withholding according to the terms
70.24 of the order and under section 518A.53. If an employee discloses an obligation to obtain
70.25 private health care coverage and health care coverage is available through the employer,
70.26 the employer must make all application processes known to the individual and enroll the
70.27 employee and dependent in the plan.

70.28 Subd. 14. **Child support enforcement services.** The public authority must take necessary
70.29 steps to establish, enforce, and modify an order for medical support if the joint child receives
70.30 public assistance or a party completes an application for services from the public authority
70.31 under section 518A.51.

70.32 Subd. 15. **Enforcement.** (a) Remedies available for collecting and enforcing child
70.33 support apply to medical support.

71.1 (b) For the purpose of enforcement, the following are additional support:

71.2 (1) the costs of individual or group health or hospitalization coverage;

71.3 (2) dental coverage;

71.4 (3) medical costs ordered by the court to be paid by either party, including health care
71.5 coverage premiums paid by the obligee because of the obligor's failure to obtain health care
71.6 coverage as ordered; and

71.7 (4) liabilities established under this subdivision.

71.8 (c) A party who fails to carry court-ordered dependent private health care coverage is
71.9 liable for the joint child's uninsured ~~medical~~ health-related expenses unless a court order
71.10 provides otherwise. A party's failure to carry court-ordered health care coverage, or to
71.11 provide other medical support as ordered, is a basis for modification of medical support
71.12 under section 518A.39, subdivision 8, unless it meets the presumption in section 518A.39,
71.13 subdivision 2.

71.14 (d) Payments by the health carrier or employer for services rendered to the dependents
71.15 that are directed to a party not owed reimbursement must be endorsed over to and forwarded
71.16 to the vendor or appropriate party or the public authority. A party retaining insurance
71.17 reimbursement not owed to the party is liable for the amount of the reimbursement.

71.18 Subd. 16. **Offset.** (a) If a party is the parent with primary physical custody as defined
71.19 in section 518A.26, subdivision 17, and is an obligor ordered to contribute to the other
71.20 party's cost for carrying health care coverage for the joint child, the other party's child
71.21 support and spousal maintenance obligations are subject to an offset under subdivision 5.

71.22 (b) The public authority, if the public authority provides child support enforcement
71.23 services, may remove the offset to a party's child support obligation when:

71.24 (1) the party's court-ordered private health care coverage for the joint child terminates;

71.25 (2) the party does not enroll the joint child in other private health care coverage; and

71.26 (3) a modification motion is not pending.

71.27 The public authority must provide notice to the parties of the action. If neither party requests
71.28 a hearing, the public authority must remove the offset effective the first day of the month
71.29 following termination of the joint child's private health care coverage.

71.30 (c) The public authority, if the public authority provides child support enforcement
71.31 services, may resume the offset when the party ordered to provide private health care
71.32 coverage for the joint child has resumed the court-ordered private health care coverage or

72.1 enrolled the joint child in other private health care coverage. The public authority must
72.2 provide notice to the parties of the action. If neither party requests a hearing, the public
72.3 authority must resume the offset effective the first day of the month following certification
72.4 that private health care coverage is in place for the joint child.

72.5 (d) A party may contest the public authority's action to remove or resume the offset to
72.6 the child support obligation if the party makes a written request for a hearing within 30 days
72.7 after receiving written notice. If a party makes a timely request for a hearing, the public
72.8 authority must schedule a hearing and send written notice of the hearing to the parties by
72.9 mail to the parties' last known addresses at least 14 days before the hearing. The hearing
72.10 must be conducted in district court or in the expedited child support process if section
72.11 484.702 applies. The district court or child support magistrate must determine whether
72.12 removing or resuming the offset is appropriate and, if appropriate, the effective date for the
72.13 removal or resumption.

72.14 **Subd. 16a. Suspension or reinstatement of medical support contribution.** (a) If a
72.15 party is the parent with primary physical custody, as defined in section 518A.26, subdivision
72.16 17, and is ordered to carry private health care coverage for the joint child but fails to carry
72.17 the court-ordered private health care coverage, the public authority may suspend the medical
72.18 support obligation of the other party if that party has been court-ordered to contribute to the
72.19 cost of the private health care coverage carried by the parent with primary physical custody
72.20 of the joint child.

72.21 (b) If the public authority provides child support enforcement services, the public
72.22 authority may suspend the other party's medical support contribution toward private health
72.23 care coverage when:

72.24 (1) the party's court-ordered private health care coverage for the joint child terminates;

72.25 (2) the party does not enroll the joint child in other private health care coverage; and

72.26 (3) a modification motion is not pending.

72.27 The public authority must provide notice to the parties of the action. If neither party requests
72.28 a hearing, the public authority must remove the medical support contribution effective the
72.29 first day of the month following the termination of the joint child's private health care
72.30 coverage.

72.31 (c) If the public authority provides child support enforcement services, the public authority
72.32 may reinstate the medical support contribution when the party ordered to provide private
72.33 health care coverage for the joint child has resumed the joint child's court-ordered private

73.1 health care coverage or has enrolled the joint child in other private health care coverage.

73.2 The public authority must provide notice to the parties of the action. If neither party requests
 73.3 a hearing, the public authority must resume the medical support contribution effective the
 73.4 first day of the month following certification that the joint child is enrolled in private health
 73.5 care coverage.

73.6 (d) A party may contest the public authority's action to suspend or reinstate the medical
 73.7 support contribution if the party makes a written request for a hearing within 30 days after
 73.8 receiving written notice. If a party makes a timely request for a hearing, the public authority
 73.9 must schedule a hearing and send written notice of the hearing to the parties by mail to the
 73.10 parties' last known addresses at least 14 days before the hearing. The hearing must be
 73.11 conducted in district court or in the expedited child support process if section 484.702
 73.12 applies. The district court or child support magistrate must determine whether suspending
 73.13 or reinstating the medical support contribution is appropriate and, if appropriate, the effective
 73.14 date of the removal or reinstatement of the medical support contribution.

73.15 **Subd. 17. Collecting unreimbursed or uninsured ~~medical~~ health-related expenses.** (a)
 73.16 This subdivision and subdivision 18 apply when a court order has determined and ordered
 73.17 the parties' proportionate share and responsibility to contribute to unreimbursed or uninsured
 73.18 ~~medical~~ health-related expenses.

73.19 (b) A party requesting reimbursement of unreimbursed or uninsured ~~medical~~
 73.20 health-related expenses must initiate a request to the other party within two years of the
 73.21 date that the requesting party incurred the unreimbursed or uninsured ~~medical~~ health-related
 73.22 expenses. If a court order has been signed ordering the contribution ~~towards~~ toward
 73.23 unreimbursed or uninsured expenses, a two-year limitations provision must be applied to
 73.24 any requests made on or after January 1, 2007. The provisions of this section apply
 73.25 retroactively to court orders signed before January 1, 2007. Requests for unreimbursed or
 73.26 uninsured expenses made on or after January 1, 2007, may include expenses incurred before
 73.27 January 1, 2007, and on or after January 1, 2005.

73.28 (c) A requesting party must mail a written notice of intent to collect the unreimbursed
 73.29 or uninsured ~~medical~~ health-related expenses and a copy of an affidavit of health care
 73.30 expenses to the other party at the other party's last known address.

73.31 (d) The written notice must include a statement that the other party has 30 days from
 73.32 the date the notice was mailed to (1) pay in full; (2) agree to a payment schedule; or (3) file
 73.33 a motion requesting a hearing to contest the amount due or to set a court-ordered monthly
 73.34 payment amount. If the public authority provides services, the written notice also must

74.1 include a statement that, if the other party does not respond within the 30 days, the requesting
74.2 party may submit the amount due to the public authority for collection.

74.3 (e) The affidavit of health care expenses must itemize and document the joint child's
74.4 unreimbursed or uninsured ~~medical~~ health-related expenses and include copies of all bills,
74.5 receipts, and insurance company explanations of benefits.

74.6 (f) If the other party does not respond to the request for reimbursement within 30 days,
74.7 the requesting party may commence enforcement against the other party under subdivision
74.8 18; file a motion for a court-ordered monthly payment amount under paragraph (i); or notify
74.9 the public authority, if the public authority provides services, that the other party has not
74.10 responded.

74.11 (g) The notice to the public authority must include: a copy of the written notice, a copy
74.12 of the affidavit of health care expenses, and copies of all bills, receipts, and insurance
74.13 company explanations of benefits.

74.14 (h) If noticed under paragraph (f), the public authority must serve the other party with
74.15 a notice of intent to enforce unreimbursed and uninsured ~~medical~~ health-related expenses
74.16 and file an affidavit of service by mail with the district court administrator. The notice must
74.17 state that the other party has 14 days to (1) pay in full; or (2) file a motion to contest the
74.18 amount due or to set a court-ordered monthly payment amount. The notice must also state
74.19 that if there is no response within 14 days, the public authority will commence enforcement
74.20 of the expenses as arrears under subdivision 18.

74.21 (i) To contest the amount due or set a court-ordered monthly payment amount, a party
74.22 must file a timely motion and schedule a hearing in district court or in the expedited child
74.23 support process if section 484.702 applies. The moving party must provide the other party
74.24 and the public authority, if the public authority provides services, with written notice at
74.25 least 14 days before the hearing by mailing notice of the hearing to the public authority and
74.26 to the requesting party at the requesting party's last known address. The moving party must
74.27 file the affidavit of health care expenses with the court at least five days before the hearing.
74.28 The district court or child support magistrate must determine liability for the expenses and
74.29 order that the liable party is subject to enforcement of the expenses as arrears under
74.30 subdivision 18 or set a court-ordered monthly payment amount.

74.31 Subd. 18. **Enforcing unreimbursed or uninsured ~~medical~~ health-related expenses**
74.32 **as arrears.** (a) Unreimbursed or uninsured ~~medical~~ health-related expenses enforced under
74.33 this subdivision are collected as arrears.

75.1 (b) If the liable party is the parent with primary physical custody as defined in section
75.2 518A.26, subdivision 17, the unreimbursed or uninsured ~~medical~~ health-related expenses
75.3 must be deducted from any arrears the requesting party owes the liable party. If unreimbursed
75.4 or uninsured expenses remain after the deduction, the expenses must be collected as follows:

75.5 (1) If the requesting party owes a current child support obligation to the liable party, 20
75.6 percent of each payment received from the requesting party must be returned to the requesting
75.7 party. The total amount returned to the requesting party each month must not exceed 20
75.8 percent of the current monthly support obligation.

75.9 (2) If the requesting party does not owe current child support or arrears, a payment
75.10 agreement under section 518A.69 is required. If the liable party fails to enter into or comply
75.11 with a payment agreement, the requesting party or the public authority, if the public authority
75.12 provides services, may schedule a hearing to set a court-ordered payment. The requesting
75.13 party or the public authority must provide the liable party with written notice of the hearing
75.14 at least 14 days before the hearing.

75.15 (c) If the liable party is not the parent with primary physical custody as defined in section
75.16 518A.26, subdivision 17, the unreimbursed or uninsured ~~medical~~ health-related expenses
75.17 must be deducted from any arrears the requesting party owes the liable party. If unreimbursed
75.18 or uninsured expenses remain after the deduction, the expenses must be added and collected
75.19 as arrears owed by the liable party.

75.20 **EFFECTIVE DATE.** This section is effective January 1, 2025.

75.21 Sec. 6. Minnesota Statutes 2022, section 518A.42, subdivision 1, is amended to read:

75.22 Subdivision 1. **Ability to pay.** (a) It is a rebuttable presumption that a child support
75.23 order should not exceed the obligor's ability to pay. To determine the amount of child support
75.24 the obligor has the ability to pay, the court shall follow the procedure set out in this section.

75.25 (b) The court shall calculate the obligor's income available for support by subtracting a
75.26 monthly self-support reserve equal to 120 percent of the federal poverty guidelines for one
75.27 person from the obligor's parental income for determining child support (PICS). If benefits
75.28 under section 518A.31 are received by the obligee as a representative payee for a joint child
75.29 or are received by the child attending school, based on the other parent's eligibility, the court
75.30 shall subtract the amount of benefits from the obligor's PICS before subtracting the
75.31 self-support reserve. If the obligor's income available for support calculated under this
75.32 paragraph is equal to or greater than the obligor's support obligation calculated under section
75.33 518A.34, the court shall order child support under section 518A.34.

76.1 (c) If the obligor's income available for support calculated under paragraph (b) is more
 76.2 than the minimum support amount under subdivision 2, but less than the guideline amount
 76.3 under section 518A.34, then the court shall apply a reduction to the child support obligation
 76.4 in the following order, until the support order is equal to the obligor's income available for
 76.5 support:

76.6 (1) medical support obligation;

76.7 (2) child care support obligation; and

76.8 (3) basic support obligation.

76.9 (d) If the obligor's income available for support calculated under paragraph (b) is equal
 76.10 to or less than the minimum support amount under subdivision 2 or if the obligor's gross
 76.11 income is less than 120 percent of the federal poverty guidelines for one person, the minimum
 76.12 support amount under subdivision 2 applies.

76.13 **EFFECTIVE DATE.** This section is effective January 1, 2025.

76.14 Sec. 7. Minnesota Statutes 2022, section 518A.42, subdivision 3, is amended to read:

76.15 Subd. 3. **Exception.** (a) This section does not apply to an obligor who is incarcerated
 76.16 or is a recipient of a general assistance grant, temporary assistance for needy families (TANF)
 76.17 grant or comparable state-funded Minnesota family investment program (MFIP) benefits.

76.18 (b) If the court finds the obligor receives no income and completely lacks the ability to
 76.19 earn income, the minimum basic support amount under this subdivision does not apply.

76.20 (c) If the obligor's basic support amount is reduced below the minimum basic support
 76.21 amount due to the application of the parenting expense adjustment, the minimum basic
 76.22 support amount under this subdivision does not apply and the lesser amount is the guideline
 76.23 basic support.

76.24 **EFFECTIVE DATE.** This section is effective January 1, 2025.

76.25 Sec. 8. Minnesota Statutes 2022, section 518A.65, is amended to read:

76.26 **518A.65 DRIVER'S LICENSE SUSPENSION.**

76.27 (a) This paragraph is effective July 1, 2023. Upon motion of an obligee, which has been
 76.28 properly served on the obligor and upon which there has been an opportunity for hearing,
 76.29 if a court finds that the obligor has been or may be issued a driver's license by the
 76.30 commissioner of public safety and the obligor is in arrears in court-ordered child support
 76.31 or maintenance payments, or both, in an amount equal to or greater than three times the

77.1 obligor's total monthly support and maintenance payments and is not in compliance with a
 77.2 written payment agreement pursuant to section 518A.69 that is approved by the court, a
 77.3 child support magistrate, or the public authority, the court ~~shall~~ may order the commissioner
 77.4 of public safety to suspend the obligor's driver's license. The court may consider the
 77.5 circumstances in paragraph (i) to determine whether driver's license suspension is an
 77.6 appropriate remedy that is likely to induce the payment of child support. The court may
 77.7 consider whether driver's license suspension would have a direct harmful effect on the
 77.8 obligor or joint children that would make driver's license suspension an inappropriate remedy.
 77.9 This paragraph expires December 31, 2025.

77.10 (b) This paragraph is effective January 1, 2026. Upon motion of an obligee, which has
 77.11 been properly served on the obligor and upon which there has been an opportunity for
 77.12 hearing, if a court finds that the obligor has a valid driver's license issued by the commissioner
 77.13 of public safety and the obligor is in arrears in court-ordered child support or maintenance
 77.14 payments, or both, in an amount equal to or greater than three times the obligor's total
 77.15 monthly support and maintenance payments and is not in compliance with a written payment
 77.16 agreement pursuant to section 518A.69 that is approved by the court, a child support
 77.17 magistrate, or the public authority, the court may order the commissioner of public safety
 77.18 to suspend the obligor's driver's license. The court may consider the circumstances in
 77.19 paragraph (i) to determine whether driver's license suspension is an appropriate remedy that
 77.20 is likely to induce the payment of child support. The court may consider whether driver's
 77.21 license suspension would have a direct harmful effect on the obligor or joint children that
 77.22 would make driver's license suspension an inappropriate remedy.

77.23 (c) The court's order must be stayed for 90 days in order to allow the obligor to execute
 77.24 a written payment agreement pursuant to section 518A.69. The payment agreement must
 77.25 be approved by either the court or the public authority responsible for child support
 77.26 enforcement. If the obligor has not executed or is not in compliance with a written payment
 77.27 agreement pursuant to section 518A.69 after the 90 days expires, the court's order becomes
 77.28 effective and the commissioner of public safety shall suspend the obligor's driver's license.
 77.29 The remedy under this section is in addition to any other enforcement remedy available to
 77.30 the court. An obligee may not bring a motion under this paragraph within 12 months of a
 77.31 denial of a previous motion under this paragraph.

77.32 ~~(b)~~ (d) This paragraph is effective July 1, 2023. If a public authority responsible for child
 77.33 support enforcement determines that the obligor has been or may be issued a driver's license
 77.34 by the commissioner of public safety and; the obligor is in arrears in court-ordered child
 77.35 support or maintenance payments or both in an amount equal to or greater than three times

78.1 the obligor's total monthly support and maintenance payments and not in compliance with
 78.2 a written payment agreement pursuant to section 518A.69 that is approved by the court, a
 78.3 child support magistrate, or the public authority, the public authority shall direct the
 78.4 commissioner of public safety to suspend the obligor's driver's license unless exercising
 78.5 administrative discretion under paragraph (i). The remedy under this section is in addition
 78.6 to any other enforcement remedy available to the public authority. This paragraph expires
 78.7 December 31, 2025.

78.8 (e) This paragraph is effective January 1, 2026. If a public authority responsible for child
 78.9 support enforcement determines that:

78.10 (1) the obligor has a valid driver's license issued by the commissioner of public safety;

78.11 (2) the obligor is in arrears in court-ordered child support or maintenance payments or
 78.12 both in an amount equal to or greater than three times the obligor's total monthly support
 78.13 and maintenance payments;

78.14 (3) the obligor is not in compliance with a written payment agreement pursuant to section
 78.15 518A.69 that is approved by the court, a child support magistrate, or the public authority;
 78.16 and

78.17 (4) the obligor's mailing address is known to the public authority;

78.18 then the public authority shall direct the commissioner of public safety to suspend the
 78.19 obligor's driver's license unless exercising administrative discretion under paragraph (i).
 78.20 The remedy under this section is in addition to any other enforcement remedy available to
 78.21 the public authority.

78.22 ~~(e)~~ (f) At least 90 days prior to notifying the commissioner of public safety according
 78.23 to paragraph ~~(b)~~ (d), the public authority must mail a written notice to the obligor at the
 78.24 obligor's last known address, that it intends to seek suspension of the obligor's driver's
 78.25 license and that the obligor must request a hearing within 30 days in order to contest the
 78.26 suspension. If the obligor makes a written request for a hearing within 30 days of the date
 78.27 of the notice, a court hearing must be held. Notwithstanding any law to the contrary, the
 78.28 obligor must be served with 14 days' notice in writing specifying the time and place of the
 78.29 hearing and the allegations against the obligor. The notice must include information that
 78.30 apprises the obligor of the requirement to develop a written payment agreement that is
 78.31 approved by a court, a child support magistrate, or the public authority responsible for child
 78.32 support enforcement regarding child support, maintenance, and any arrearages in order to
 78.33 avoid license suspension. The notice may be served personally or by mail. If the public
 78.34 authority does not receive a request for a hearing within 30 days of the date of the notice,

79.1 and the obligor does not execute a written payment agreement pursuant to section 518A.69
79.2 that is approved by the public authority within 90 days of the date of the notice, the public
79.3 authority shall direct the commissioner of public safety to suspend the obligor's driver's
79.4 license under paragraph ~~(b)~~ (d).

79.5 ~~(d)~~ (g) At a hearing requested by the obligor under paragraph ~~(e)~~ (f), and on finding that
79.6 the obligor is in arrears in court-ordered child support or maintenance payments or both in
79.7 an amount equal to or greater than three times the obligor's total monthly support and
79.8 maintenance payments, the district court or child support magistrate shall order the
79.9 commissioner of public safety to suspend the obligor's driver's license or operating privileges
79.10 unless:

79.11 (1) the court or child support magistrate determines that the obligor has executed and is
79.12 in compliance with a written payment agreement pursuant to section 518A.69 that is approved
79.13 by the court, a child support magistrate, or the public authority; or

79.14 (2) the court, in its discretion, determines that driver's license suspension is unlikely to
79.15 induce payment of child support or would have direct harmful effects on the obligor or joint
79.16 child that makes driver's license suspension an inappropriate remedy. The court may consider
79.17 the circumstances in paragraph (f) in exercising the court's discretion.

79.18 ~~(e)~~ (h) An obligor whose driver's license or operating privileges are suspended may:

79.19 (1) provide proof to the public authority responsible for child support enforcement that
79.20 the obligor is in compliance with all written payment agreements pursuant to section 518A.69;

79.21 (2) bring a motion for reinstatement of the driver's license. At the hearing, if the court
79.22 or child support magistrate orders reinstatement of the driver's license, the court or child
79.23 support magistrate must establish a written payment agreement pursuant to section 518A.69;
79.24 or

79.25 (3) seek a limited license under section 171.30. A limited license issued to an obligor
79.26 under section 171.30 expires 90 days after the date it is issued.

79.27 Within 15 days of the receipt of that proof or a court order, the public authority shall
79.28 inform the commissioner of public safety that the obligor's driver's license or operating
79.29 privileges should no longer be suspended.

79.30 (i) Prior to notifying the commissioner of public safety that an obligor's driver's license
79.31 should be suspended or after an obligor's driving privileges have been suspended, the public
79.32 authority responsible for child support enforcement may use administrative authority to end

80.1 the suspension process or inform the commissioner of public safety that the obligor's driving
80.2 privileges should no longer be suspended under any of the following circumstances:

80.3 (1) the full amount of court-ordered payments have been received for at least one month;

80.4 (2) an income withholding notice has been sent to an employer or payor of funds;

80.5 (3) payments less than the full court-ordered amount have been received and the
80.6 circumstances of the obligor demonstrate the obligor's substantial intent to comply with the
80.7 order;

80.8 (4) the obligor receives public assistance;

80.9 (5) the case is being reviewed by the public authority for downward modification due
80.10 to changes in the obligor's financial circumstances or a party has filed a motion to modify
80.11 the child support order;

80.12 (6) the obligor no longer lives in the state and the child support case is in the process of
80.13 interstate enforcement;

80.14 (7) the obligor is currently incarcerated for one week or more or is receiving in-patient
80.15 treatment for physical health, mental health, chemical dependency, or other treatment. This
80.16 clause applies for six months after the obligor is no longer incarcerated or receiving in-patient
80.17 treatment;

80.18 (8) the obligor is temporarily or permanently disabled and unable to pay child support;

80.19 (9) the obligor has presented evidence to the public authority that the obligor needs
80.20 driving privileges to maintain or obtain the obligor's employment;

80.21 (10) the obligor has not had a meaningful opportunity to pay toward arrears; and

80.22 (11) other circumstances of the obligor indicate that a temporary condition exists for
80.23 which suspension of a driver's license for the nonpayment of child support is not appropriate.
80.24 When considering whether driver's license suspension is appropriate, the public authority
80.25 must assess: (i) whether suspension of the driver's license is likely to induce payment of
80.26 child support; and (ii) whether suspension of the driver's license would have direct harmful
80.27 effects on the obligor or joint children that make driver's license suspension an inappropriate
80.28 remedy.

80.29 The presence of circumstances in this paragraph does not prevent the public authority from
80.30 proceeding with a suspension of a driver's license.

80.31 ~~(f)~~ (j) In addition to the criteria established under this section for the suspension of an
80.32 obligor's driver's license, a court, a child support magistrate, or the public authority may

81.1 direct the commissioner of public safety to suspend the license of a party who has failed,
 81.2 after receiving notice, to comply with a subpoena relating to a paternity or child support
 81.3 proceeding. Notice to an obligor of intent to suspend must be served by first class mail at
 81.4 the obligor's last known address. The notice must inform the obligor of the right to request
 81.5 a hearing. If the obligor makes a written request within ten days of the date of the hearing,
 81.6 a hearing must be held. At the hearing, the only issues to be considered are mistake of fact
 81.7 and whether the obligor received the subpoena.

81.8 ~~(g)~~ (k) The license of an obligor who fails to remain in compliance with an approved
 81.9 written payment agreement may be suspended. Prior to suspending a license for
 81.10 noncompliance with an approved written payment agreement, the public authority must
 81.11 mail to the obligor's last known address a written notice that (1) the public authority intends
 81.12 to seek suspension of the obligor's driver's license under this paragraph, and (2) the obligor
 81.13 must request a hearing, within 30 days of the date of the notice, to contest the suspension.
 81.14 If, within 30 days of the date of the notice, the public authority does not receive a written
 81.15 request for a hearing and the obligor does not comply with an approved written payment
 81.16 agreement, the public authority must direct the Department of Public Safety to suspend the
 81.17 obligor's license under paragraph ~~(b)~~ (d). If the obligor makes a written request for a hearing
 81.18 within 30 days of the date of the notice, a court hearing must be held. Notwithstanding any
 81.19 law to the contrary, the obligor must be served with 14 days' notice in writing specifying
 81.20 the time and place of the hearing and the allegations against the obligor. The notice may be
 81.21 served personally or by mail at the obligor's last known address. If the obligor appears at
 81.22 the hearing and the court determines that the obligor has failed to comply with an approved
 81.23 written payment agreement, the court or public authority shall notify the Department of
 81.24 Public Safety to suspend the obligor's license under paragraph ~~(b)~~ (d). If the obligor fails
 81.25 to appear at the hearing, the court or public authority must notify the Department of Public
 81.26 Safety to suspend the obligor's license under paragraph ~~(b)~~ (d).

81.27 **EFFECTIVE DATE.** This section is effective July 1, 2023, unless otherwise specified.

81.28 Sec. 9. Minnesota Statutes 2022, section 518A.77, is amended to read:

81.29 **518A.77 GUIDELINES REVIEW.**

81.30 ~~(a)~~ No later than 2006 and every four years after that, the Department of Human Services
 81.31 must conduct a review of the child support guidelines as required under Code of Federal
 81.32 Regulations, title 45, section 302.56(h).

81.33 ~~(b) This section expires January 1, 2032.~~

82.1 **ARTICLE 4**

82.2 **ECONOMIC ASSISTANCE**

82.3 Section 1. Minnesota Statutes 2022, section 119B.025, subdivision 4, is amended to read:

82.4 Subd. 4. **Changes in eligibility.** (a) The county shall process a change in eligibility
82.5 factors according to paragraphs (b) to (g).

82.6 (b) A family is subject to the reporting requirements in section 256P.07, subdivision 6.

82.7 (c) If a family reports a change or a change is known to the agency before the family's
82.8 regularly scheduled redetermination, the county must act on the change. The commissioner
82.9 shall establish standards for verifying a change.

82.10 (d) A change in income occurs on the day the participant received the first payment
82.11 reflecting the change in income.

82.12 (e) During a family's 12-month eligibility period, if the family's income increases and
82.13 remains at or below 85 percent of the state median income, adjusted for family size, there
82.14 is no change to the family's eligibility. The county shall not request verification of the
82.15 change. The co-payment fee shall not increase during the remaining portion of the family's
82.16 12-month eligibility period.

82.17 (f) During a family's 12-month eligibility period, if the family's income increases and
82.18 exceeds 85 percent of the state median income, adjusted for family size, the family is not
82.19 eligible for child care assistance. The family must be given 15 calendar days to provide
82.20 verification of the change. If the required verification is not returned or confirms ineligibility,
82.21 the family's eligibility ends following a subsequent 15-day adverse action notice.

82.22 (g) Notwithstanding Minnesota Rules, parts 3400.0040, subpart 3, and 3400.0170,
82.23 subpart 1, if an applicant or participant reports that employment ended, the agency may
82.24 accept a signed statement from the applicant or participant as verification that employment
82.25 ended.

82.26 **EFFECTIVE DATE.** This section is effective March 1, 2025.

82.27 Sec. 2. Minnesota Statutes 2022, section 256D.03, is amended by adding a subdivision to
82.28 read:

82.29 **Subd. 2b. Budgeting and reporting.** Every county agency shall determine eligibility
82.30 and calculate benefit amounts for general assistance according to chapter 256P.

82.31 **EFFECTIVE DATE.** This section is effective March 1, 2025.

83.1 Sec. 3. Minnesota Statutes 2022, section 256D.63, subdivision 2, is amended to read:

83.2 Subd. 2. **SNAP reporting requirements.** The commissioner of human services shall
 83.3 implement simplified reporting as permitted under the Food and Nutrition Act of 2008, as
 83.4 amended, and the SNAP regulations in Code of Federal Regulations, title 7, part 273. SNAP
 83.5 benefit recipient households required to report periodically shall not be required to report
 83.6 more often than one time every six months. ~~This provision shall not apply to households~~
 83.7 ~~receiving food benefits under the Minnesota family investment program waiver.~~

83.8 **EFFECTIVE DATE.** This section is effective March 1, 2025.

83.9 Sec. 4. **[256D.65] SUPPLEMENTAL NUTRITION ASSISTANCE OUTREACH**
 83.10 **PROGRAM.**

83.11 **Subdivision 1. SNAP outreach program.** The commissioner of human services shall
 83.12 implement a Supplemental Nutrition Assistance Program (SNAP) outreach program to
 83.13 inform low-income households about the availability, eligibility requirements, application
 83.14 procedures, and benefits of SNAP that meets the requirements of the United States
 83.15 Department of Agriculture.

83.16 **Subd. 2. Duties of commissioner.** In addition to any other duties imposed by law, the
 83.17 commissioner shall:

83.18 (1) supervise the administration of the SNAP outreach program according to guidance
 83.19 provided by the United States Department of Agriculture;

83.20 (2) submit the SNAP outreach plan and budget to the United States Department of
 83.21 Agriculture;

83.22 (3) accept any funds provided by the federal government or other sources for SNAP
 83.23 outreach;

83.24 (4) administer the request-for-proposals process and establish contracts with grantees
 83.25 to ensure SNAP outreach services are available to inform low-income households statewide;

83.26 (5) approve budgets from grantees to ensure that activities are eligible for federal
 83.27 reimbursement;

83.28 (6) monitor grantees, review invoices, and reimburse grantees for allowable costs that
 83.29 are eligible for federal reimbursement;

83.30 (7) provide technical assistance to grantees to ensure that projects support SNAP outreach
 83.31 goals and project costs are eligible for federal reimbursement;

84.1 (8) work in partnership with counties, Tribal Nations, and community organizations to
84.2 enhance the reach and services of a statewide SNAP outreach program; and

84.3 (9) identify and leverage eligible nonfederal funds to earn federal reimbursement for
84.4 SNAP outreach.

84.5 Subd. 3. **Program funding.** (a) Grantees must submit allowable costs for approved
84.6 SNAP outreach activities to the commissioner of human services in order to receive federal
84.7 reimbursement.

84.8 (b) The commissioner of human services shall disburse federal reimbursement funds
84.9 for allowable costs for approved SNAP outreach activities to the state agency or grantee
84.10 that incurred the costs being reimbursed.

84.11 Sec. 5. Minnesota Statutes 2022, section 256E.34, subdivision 4, is amended to read:

84.12 Subd. 4. **Use of money.** At least 96 percent of the money distributed to Hunger Solutions
84.13 under this section must be distributed to food shelf programs to purchase, transport, and
84.14 coordinate the distribution of nutritious food to needy individuals and families. The money
84.15 distributed to food shelf programs may also be used to purchase personal hygiene products,
84.16 including but not limited to diapers and toilet paper. No more than four percent of the money
84.17 may be expended for other expenses, such as rent, salaries, and other administrative expenses
84.18 of Hunger Solutions.

84.19 Sec. 6. [256E.341] AMERICAN INDIAN FOOD SOVEREIGNTY FUNDING
84.20 PROGRAM.

84.21 Subdivision 1. **Establishment.** The American Indian food sovereignty funding program
84.22 is established to improve access and equity to food security programs within Tribal and
84.23 urban American Indian communities. The program shall assist Tribal Nations and urban
84.24 American Indian communities in achieving self-determination and improve collaboration
84.25 and partnership building between American Indian communities and the state. The
84.26 commissioner of human services shall administer the program and provide outreach, technical
84.27 assistance, and program development support to increase food security for American Indians.

84.28 Subd. 2. **Distribution of funding.** (a) The commissioner shall provide funding to support
84.29 food system changes and provide equitable access to existing and new methods of food
84.30 support for American Indian communities. The commissioner shall determine the funding
84.31 formula, timing, and form of the application for the program.

84.32 (b) Eligible recipients of funding under this section include:

85.1 (1) federally recognized American Indian Tribes or bands in Minnesota as defined in
 85.2 section 10.65;

85.3 (2) the American Indian Community Housing Organization;

85.4 (3) the Division of Indian Work;

85.5 (4) Department of Indian Work within the Interfaith Action of Greater Saint Paul;

85.6 (5) the Northwest Indian Community Development Center; and

85.7 (6) other entities as determined by the commissioner.

85.8 Subd. 3. **Allowable uses of funds.** Recipients shall use funds provided under this section
 85.9 to promote food security for American Indian communities by:

85.10 (1) planning for sustainable food systems;

85.11 (2) implementing food security programs, including but not limited to technology to
 85.12 facilitate no-contact or low-contact food distribution and outreach models;

85.13 (3) providing culturally relevant training for building food access;

85.14 (4) purchasing, producing, processing, transporting, storing, and coordinating the
 85.15 distribution of food, including culturally relevant food; and

85.16 (5) purchasing seeds, plants, equipment, or materials to preserve, procure, or grow food.

85.17 Subd. 4. **Reporting.** (a) Recipients shall report annually on the use of American Indian
 85.18 food sovereignty funding program money under this section to the commissioner. Each
 85.19 report shall include the following information:

85.20 (1) the name and location of the recipient;

85.21 (2) the amount of funding received;

85.22 (3) the use of funds; and

85.23 (4) the number of people served.

85.24 (b) The commissioner shall determine the form required for the reports and may specify
 85.25 additional reporting requirements.

85.26 Sec. 7. Minnesota Statutes 2022, section 256E.35, subdivision 1, is amended to read:

85.27 Subdivision 1. **Establishment.** The Minnesota family assets for independence initiative
 85.28 is established to provide incentives for low-income families to accrue assets for education,
 85.29 housing, vehicles, emergencies, and economic development purposes.

86.1 Sec. 8. Minnesota Statutes 2022, section 256E.35, subdivision 2, is amended to read:

86.2 Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

86.3 (b) "Eligible educational institution" means the following:

86.4 (1) an institution of higher education described in section 101 or 102 of the Higher
86.5 Education Act of 1965; or

86.6 (2) an area vocational education school, as defined in subparagraph (C) or (D) of United
86.7 States Code, title 20, chapter 44, section 2302 (3) (the Carl D. Perkins Vocational and
86.8 Applied Technology Education Act), which is located within any state, as defined in United
86.9 States Code, title 20, chapter 44, section 2302 (30). This clause is applicable only to the
86.10 extent section 2302 is in effect on August 1, 2008.

86.11 (c) "Family asset account" means a savings account opened by a household participating
86.12 in the Minnesota family assets for independence initiative.

86.13 (d) "Fiduciary organization" means:

86.14 (1) a community action agency that has obtained recognition under section 256E.31;

86.15 (2) a federal community development credit union ~~servicing the seven-county metropolitan~~
86.16 ~~area; or~~

86.17 (3) a women-oriented economic development agency ~~servicing the seven-county~~
86.18 ~~metropolitan area;~~

86.19 (4) a federally recognized Tribal Nation; or

86.20 (5) a nonprofit organization as defined under section 501(c)(3) of the Internal Revenue
86.21 Code.

86.22 (e) "Financial coach" means a person who:

86.23 (1) has completed an intensive financial literacy training workshop that includes
86.24 curriculum on budgeting to increase savings, debt reduction and asset building, building a
86.25 good credit rating, and consumer protection;

86.26 (2) participates in ongoing statewide family assets for independence in Minnesota (FAIM)
86.27 network training meetings under FAIM program supervision; and

86.28 (3) provides financial coaching to program participants under subdivision 4a.

86.29 (f) "Financial institution" means a bank, bank and trust, savings bank, savings association,
86.30 or credit union, the deposits of which are insured by the Federal Deposit Insurance
86.31 Corporation or the National Credit Union Administration.

87.1 (g) "Household" means all individuals who share use of a dwelling unit as primary
87.2 quarters for living and eating separate from other individuals.

87.3 (h) "Permissible use" means:

87.4 (1) postsecondary educational expenses at an eligible educational institution as defined
87.5 in paragraph (b), including books, supplies, and equipment required for courses of instruction;

87.6 (2) acquisition costs of acquiring, constructing, or reconstructing a residence, including
87.7 any usual or reasonable settlement, financing, or other closing costs;

87.8 (3) business capitalization expenses for expenditures on capital, plant, equipment, working
87.9 capital, and inventory expenses of a legitimate business pursuant to a business plan approved
87.10 by the fiduciary organization;

87.11 (4) acquisition costs of a principal residence within the meaning of section 1034 of the
87.12 Internal Revenue Code of 1986 which do not exceed 100 percent of the average area purchase
87.13 price applicable to the residence determined according to section 143(e)(2) and (3) of the
87.14 Internal Revenue Code of 1986; ~~and~~

87.15 (5) acquisition costs of a personal vehicle only if approved by the fiduciary organization;

87.16 (6) contributions to an emergency savings account; and

87.17 (7) contributions to a Minnesota 529 savings plan.

87.18 Sec. 9. Minnesota Statutes 2022, section 256E.35, subdivision 3, is amended to read:

87.19 Subd. 3. **Grants awarded.** The commissioner shall allocate funds to participating
87.20 fiduciary organizations to provide family asset services. Grant awards must be based on a
87.21 plan submitted by a statewide organization representing fiduciary organizations. The
87.22 statewide organization must ensure that any interested unrepresented fiduciary organization
87.23 have input into the development of the plan. The plan must equitably distribute funds to
87.24 achieve geographic balance and document the capacity of participating fiduciary
87.25 organizations to manage the program. A portion of funds appropriated for this section may
87.26 be expended on evaluation of the Minnesota family assets for independence initiative.

87.27 Sec. 10. Minnesota Statutes 2022, section 256E.35, subdivision 4a, is amended to read:

87.28 Subd. 4a. **Financial coaching.** A financial coach shall provide the following to program
87.29 participants:

87.30 (1) financial education relating to budgeting, debt reduction, asset-specific training,
87.31 credit building, and financial stability activities;

88.1 (2) asset-specific training related to buying a home or vehicle, acquiring postsecondary
88.2 education, ~~or starting or expanding a small business,~~ saving for emergencies, or saving for
88.3 a child's education; and

88.4 (3) financial stability education and training to improve and sustain financial security.

88.5 Sec. 11. Minnesota Statutes 2022, section 256E.35, subdivision 6, is amended to read:

88.6 Subd. 6. **Withdrawal; matching; permissible uses.** (a) To receive a match, a
88.7 participating household must transfer funds withdrawn from a family asset account to its
88.8 matching fund custodial account held by the fiscal agent, according to the family asset
88.9 agreement. The fiscal agent must determine if the match request is for a permissible use
88.10 consistent with the household's family asset agreement.

88.11 (b) The fiscal agent must ensure the household's custodial account contains the applicable
88.12 matching funds to match the balance in the household's account, including interest, on at
88.13 least a quarterly basis and at the time of an approved withdrawal. Matches must be a
88.14 contribution of \$3 from state grant or TANF funds for every \$1 of funds withdrawn from
88.15 the family asset account not to exceed a ~~\$6,000~~ \$12,000 lifetime limit.

88.16 (c) Notwithstanding paragraph (b), if funds are appropriated for the Federal Assets for
88.17 Independence Act of 1998, and a participating fiduciary organization is awarded a grant
88.18 under that act, participating households with that fiduciary organization must be provided
88.19 matches as follows:

88.20 (1) from state grant and TANF funds, a matching contribution of \$1.50 for every \$1 of
88.21 funds withdrawn from the family asset account not to exceed a ~~\$3,000~~ \$6,000 lifetime limit;
88.22 and

88.23 (2) from nonstate funds, a matching contribution of not less than \$1.50 for every \$1 of
88.24 funds withdrawn from the family asset account not to exceed a ~~\$3,000~~ \$6,000 lifetime limit.

88.25 (d) Upon receipt of transferred custodial account funds, the fiscal agent must make a
88.26 direct payment to the vendor of the goods or services for the permissible use.

88.27 Sec. 12. Minnesota Statutes 2022, section 256E.35, subdivision 7, is amended to read:

88.28 Subd. 7. **Program reporting.** The fiscal agent on behalf of each fiduciary organization
88.29 participating in a family assets for independence initiative must report quarterly to the
88.30 commissioner of human services identifying the participants with accounts; the number of
88.31 accounts; the amount of savings and matches for each participant's account; the uses of
88.32 the account, ~~and~~; the number of businesses, homes, vehicles, and educational services paid

89.1 for with money from the account; and the amount of contributions to Minnesota 529 savings
89.2 plans and emergency savings accounts, as well as other information that may be required
89.3 for the commissioner to administer the program and meet federal TANF reporting
89.4 requirements.

89.5 Sec. 13. Minnesota Statutes 2022, section 256I.03, subdivision 13, is amended to read:

89.6 Subd. 13. **Prospective budgeting.** "~~Prospective budgeting~~" ~~means estimating the amount~~
89.7 ~~of monthly income a person will have in the payment month~~ has the meaning given in
89.8 section 256P.01, subdivision 9.

89.9 **EFFECTIVE DATE.** This section is effective March 1, 2025.

89.10 Sec. 14. Minnesota Statutes 2022, section 256I.06, subdivision 6, is amended to read:

89.11 Subd. 6. **Reports.** Recipients must report changes in circumstances according to section
89.12 256P.07 ~~that affect eligibility or housing support payment amounts, other than changes in~~
89.13 ~~earned income, within ten days of the change.~~ Recipients with countable earned income
89.14 must complete a household report form ~~at least~~ once every six months according to section
89.15 256P.10. ~~If the report form is not received before the end of the month in which it is due,~~
89.16 ~~the county agency must terminate eligibility for housing support payments. The termination~~
89.17 ~~shall be effective on the first day of the month following the month in which the report was~~
89.18 ~~due. If a complete report is received within the month eligibility was terminated, the~~
89.19 ~~individual is considered to have continued an application for housing support payment~~
89.20 ~~effective the first day of the month the eligibility was terminated.~~

89.21 **EFFECTIVE DATE.** This section is effective March 1, 2025.

89.22 Sec. 15. Minnesota Statutes 2022, section 256I.06, is amended by adding a subdivision
89.23 to read:

89.24 Subd. 6a. **When to terminate assistance.** An agency must terminate benefits when the
89.25 assistance unit fails to submit the household report form before the end of the month in
89.26 which it is due. The termination shall be effective on the first day of the month following
89.27 the month in which the report was due. If the assistance unit submits the household report
89.28 form within 30 days of the termination of benefits and remains eligible, benefits must be
89.29 reinstated and made available retroactively for the full benefit month.

89.30 **EFFECTIVE DATE.** This section is effective March 1, 2025.

90.1 Sec. 16. Minnesota Statutes 2022, section 256I.06, subdivision 8, is amended to read:

90.2 Subd. 8. **Amount of housing support payment.** (a) The amount of a room and board
 90.3 payment to be made on behalf of an eligible individual is determined by subtracting the
 90.4 individual's countable income under section 256I.04, subdivision 1, for a whole calendar
 90.5 month from the room and board rate for that same month. The housing support payment is
 90.6 determined by multiplying the housing support rate times the period of time the individual
 90.7 was a resident or temporarily absent under section 256I.05, subdivision 2a.

90.8 (b) For an individual with earned income under paragraph (a), prospective budgeting
 90.9 according to section 256P.09 must be used to ~~determine the amount of the individual's~~
 90.10 ~~payment for the following six-month period. An increase in income shall not affect an~~
 90.11 ~~individual's eligibility or payment amount until the month following the reporting month.~~
 90.12 ~~A decrease in income shall be effective the first day of the month after the month in which~~
 90.13 ~~the decrease is reported.~~

90.14 (c) For an individual who receives housing support payments under section 256I.04,
 90.15 subdivision 1, paragraph (c), the amount of the housing support payment is determined by
 90.16 multiplying the housing support rate times the period of time the individual was a resident.

90.17 **EFFECTIVE DATE.** This section is effective March 1, 2025.

90.18 Sec. 17. Minnesota Statutes 2022, section 256J.08, subdivision 71, is amended to read:

90.19 Subd. 71. **Prospective budgeting.** "Prospective budgeting" ~~means a method of~~
 90.20 ~~determining the amount of the assistance payment in which the budget month and payment~~
 90.21 ~~month are the same~~ has the meaning given in section 256P.01, subdivision 9.

90.22 **EFFECTIVE DATE.** This section is effective March 1, 2025.

90.23 Sec. 18. Minnesota Statutes 2022, section 256J.08, subdivision 79, is amended to read:

90.24 Subd. 79. **Recurring income.** "Recurring income" means a form of income which is:

90.25 (1) received periodically, and may be received irregularly when receipt can be anticipated
 90.26 even though the date of receipt cannot be predicted; and

90.27 (2) from the same source or of the same type that is received and budgeted in a
 90.28 prospective month ~~and is received in one or both of the first two retrospective months.~~

90.29 **EFFECTIVE DATE.** This section is effective March 1, 2025.

91.1 Sec. 19. Minnesota Statutes 2022, section 256J.21, subdivision 3, is amended to read:

91.2 Subd. 3. **Initial income test.** (a) The agency shall determine initial eligibility by
 91.3 considering all earned and unearned income as defined in section 256P.06. To be eligible
 91.4 for MFIP, the assistance unit's countable income minus the earned income disregards in
 91.5 paragraph (a) and section 256P.03 must be below the family wage level according to section
 91.6 256J.24, subdivision 7, for that size assistance unit.

91.7 ~~(a)~~ (b) The initial eligibility determination must disregard the following items:

91.8 (1) the earned income disregard as determined in section 256P.03;

91.9 (2) dependent care costs must be deducted from gross earned income for the actual
 91.10 amount paid for dependent care up to a maximum of \$200 per month for each child less
 91.11 than two years of age, and \$175 per month for each child two years of age and older;

91.12 (3) all payments made according to a court order for spousal support or the support of
 91.13 children not living in the assistance unit's household shall be disregarded from the income
 91.14 of the person with the legal obligation to pay support; and

91.15 (4) an allocation for the unmet need of an ineligible spouse or an ineligible child under
 91.16 the age of 21 for whom the caregiver is financially responsible and who lives with the
 91.17 caregiver according to section 256J.36.

91.18 ~~(b) After initial eligibility is established,~~ (c) The income test is for a six-month period.
 91.19 The assistance payment calculation is based on ~~the monthly income test~~ prospective budgeting
 91.20 according to section 256P.09.

91.21 **EFFECTIVE DATE.** This section is effective March 1, 2025.

91.22 Sec. 20. Minnesota Statutes 2022, section 256J.21, subdivision 4, is amended to read:

91.23 Subd. 4. **Monthly Income test and determination of assistance payment.** ~~The county~~
 91.24 ~~agency shall determine ongoing eligibility and the assistance payment amount according~~
 91.25 ~~to the monthly income test.~~ To be eligible for MFIP, the result of the computations in
 91.26 paragraphs (a) to (e) applied to prospective budgeting must be at least \$1.

91.27 (a) Apply an income disregard as defined in section 256P.03, to gross earnings and
 91.28 subtract this amount from the family wage level. If the difference is equal to or greater than
 91.29 the MFIP transitional standard, the assistance payment is equal to the MFIP transitional
 91.30 standard. If the difference is less than the MFIP transitional standard, the assistance payment
 91.31 is equal to the difference. The earned income disregard in this paragraph must be deducted
 91.32 every month there is earned income.

92.1 (b) All payments made according to a court order for spousal support or the support of
 92.2 children not living in the assistance unit's household must be disregarded from the income
 92.3 of the person with the legal obligation to pay support.

92.4 (c) An allocation for the unmet need of an ineligible spouse or an ineligible child under
 92.5 the age of 21 for whom the caregiver is financially responsible and who lives with the
 92.6 caregiver must be made according to section 256J.36.

92.7 (d) Subtract unearned income dollar for dollar from the MFIP transitional standard to
 92.8 determine the assistance payment amount.

92.9 (e) When income is both earned and unearned, the amount of the assistance payment
 92.10 must be determined by first treating gross earned income as specified in paragraph (a). After
 92.11 determining the amount of the assistance payment under paragraph (a), unearned income
 92.12 must be subtracted from that amount dollar for dollar to determine the assistance payment
 92.13 amount.

92.14 ~~(f) When the monthly income is greater than the MFIP transitional standard after~~
 92.15 ~~deductions and the income will only exceed the standard for one month, the county agency~~
 92.16 ~~must suspend the assistance payment for the payment month.~~

92.17 **EFFECTIVE DATE.** This section is effective March 1, 2025.

92.18 Sec. 21. Minnesota Statutes 2022, section 256J.33, subdivision 1, is amended to read:

92.19 Subdivision 1. **Determination of eligibility.** (a) A county agency must determine MFIP
 92.20 eligibility prospectively ~~for a payment month~~ based on ~~retrospectively~~ assessing income
 92.21 and the county agency's best estimate of the circumstances that will exist in the payment
 92.22 month.

92.23 ~~(b) Except as described in section 256J.34, subdivision 1, when prospective eligibility~~
 92.24 ~~exists,~~ A county agency must calculate the amount of the assistance payment using
 92.25 ~~retrospective~~ prospective budgeting. To determine MFIP eligibility and the assistance
 92.26 payment amount, a county agency must apply countable income, described in sections
 92.27 256P.06 and 256J.37, subdivisions 3 to ~~10~~ 9, received by members of an assistance unit or
 92.28 by other persons whose income is counted for the assistance unit, described under sections
 92.29 256J.37, subdivisions 1 to 2, and 256P.06, subdivision 1.

92.30 (c) This income must be applied to the MFIP standard of need or family wage level
 92.31 subject to this section and sections 256J.34 to 256J.36. Countable income as described in
 92.32 section 256P.06, subdivision 3, received ~~in a calendar month~~ must be applied to the needs
 92.33 of an assistance unit.

93.1 (d) An assistance unit is not eligible when the countable income equals or exceeds the
 93.2 MFIP standard of need or the family wage level for the assistance unit.

93.3 **EFFECTIVE DATE.** This section is effective March 1, 2025, except that the amendment
 93.4 to paragraph (b) striking "10" and inserting "9" is effective July 1, 2024.

93.5 Sec. 22. Minnesota Statutes 2022, section 256J.33, subdivision 2, is amended to read:

93.6 Subd. 2. **Prospective eligibility.** An agency must determine whether the eligibility
 93.7 requirements that pertain to an assistance unit, including those in sections 256J.11 to 256J.15
 93.8 and 256P.02, will be met prospectively for the payment month period. ~~Except for the~~
 93.9 ~~provisions in section 256J.34, subdivision 1,~~ The income test will be applied ~~retrospectively~~
 93.10 prospectively.

93.11 **EFFECTIVE DATE.** This section is effective March 1, 2025.

93.12 Sec. 23. Minnesota Statutes 2022, section 256J.37, subdivision 3, is amended to read:

93.13 Subd. 3. **Earned income of wage, salary, and contractual employees.** The agency
 93.14 must include gross earned income less any disregards in the initial ~~and monthly~~ income
 93.15 test. Gross earned income received by persons employed on a contractual basis must be
 93.16 prorated over the period covered by the contract even when payments are received over a
 93.17 lesser period of time.

93.18 **EFFECTIVE DATE.** This section is effective March 1, 2025.

93.19 Sec. 24. Minnesota Statutes 2022, section 256J.37, subdivision 3a, is amended to read:

93.20 Subd. 3a. **Rental subsidies; unearned income.** (a) Effective July 1, 2003, the agency
 93.21 shall count \$50 of the value of public and assisted rental subsidies provided through the
 93.22 Department of Housing and Urban Development (HUD) as unearned income to the cash
 93.23 portion of the MFIP grant. The full amount of the subsidy must be counted as unearned
 93.24 income when the subsidy is less than \$50. The income from this subsidy shall be budgeted
 93.25 according to section ~~256J.34~~ 256P.09.

93.26 (b) The provisions of this subdivision shall not apply to an MFIP assistance unit which
 93.27 includes a participant who is:

93.28 (1) age 60 or older;

93.29 (2) a caregiver who is suffering from an illness, injury, or incapacity that has been
 93.30 certified by a qualified professional when the illness, injury, or incapacity is expected to

94.1 continue for more than 30 days and severely limits the person's ability to obtain or maintain
94.2 suitable employment; or

94.3 (3) a caregiver whose presence in the home is required due to the illness or incapacity
94.4 of another member in the assistance unit, a relative in the household, or a foster child in the
94.5 household when the illness or incapacity and the need for the participant's presence in the
94.6 home has been certified by a qualified professional and is expected to continue for more
94.7 than 30 days.

94.8 (c) The provisions of this subdivision shall not apply to an MFIP assistance unit where
94.9 the parental caregiver is an SSI participant.

94.10 **EFFECTIVE DATE.** This section is effective March 1, 2025.

94.11 Sec. 25. Minnesota Statutes 2022, section 256J.95, subdivision 19, is amended to read:

94.12 Subd. 19. **DWP overpayments and underpayments.** DWP benefits are subject to
94.13 overpayments and underpayments. Anytime an overpayment or an underpayment is
94.14 determined for DWP, the correction shall be calculated using prospective budgeting.
94.15 Corrections shall be determined based on the policy in section ~~256J.34, subdivision 1,~~
94.16 ~~paragraphs (a), (b), and (c)~~ 256P.09, subdivisions 1 to 4. ATM errors must be recovered as
94.17 specified in section 256P.08, subdivision 7. Cross program recoupment of overpayments
94.18 cannot be assigned to or from DWP.

94.19 **EFFECTIVE DATE.** This section is effective March 1, 2025.

94.20 Sec. 26. Minnesota Statutes 2022, section 256P.01, is amended by adding a subdivision
94.21 to read:

94.22 Subd. 9. **Prospective budgeting.** "Prospective budgeting" means estimating the amount
94.23 of monthly income that an assistance unit will have in the payment month.

94.24 **EFFECTIVE DATE.** This section is effective March 1, 2025.

94.25 Sec. 27. Minnesota Statutes 2022, section 256P.02, subdivision 2, is amended to read:

94.26 Subd. 2. **Personal property limitations.** The equity value of an assistance unit's personal
94.27 property listed in clauses (1) to (5) must not exceed \$10,000 for applicants and participants.
94.28 For purposes of this subdivision, personal property is limited to:

94.29 (1) cash;

94.30 (2) bank accounts not excluded under subdivision 4;

- 95.1 (3) liquid stocks and bonds that can be readily accessed without a financial penalty;
- 95.2 (4) vehicles not excluded under subdivision 3; and
- 95.3 (5) the full value of business accounts used to pay expenses not related to the business.

95.4 Sec. 28. Minnesota Statutes 2022, section 256P.02, is amended by adding a subdivision
95.5 to read:

95.6 Subd. 4. **Account exception.** Family asset accounts under section 256E.35 and individual
95.7 development accounts authorized under the Assets for Independence Act, Title IV of the
95.8 Community Opportunities, Accountability, and Training and Educational Services Human
95.9 Services Reauthorization Act of 1998, Public Law 105-285, shall be excluded when
95.10 determining the equity value of personal property.

95.11 Sec. 29. Minnesota Statutes 2022, section 256P.04, subdivision 4, is amended to read:

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

- 95.13 (1) identity of adults;
- 95.14 (2) age, if necessary to determine eligibility;
- 95.15 (3) immigration status;
- 95.16 (4) income;
- 95.17 (5) spousal support and child support payments made to persons outside the household;
- 95.18 (6) vehicles;
- 95.19 (7) checking and savings accounts, including but not limited to any business accounts
95.20 used to pay expenses not related to the business;
- 95.21 (8) inconsistent information, if related to eligibility;
- 95.22 (9) residence; and
- 95.23 (10) Social Security number; and
- 95.24 ~~(11) use of nonrecurring income under section 256P.06, subdivision 3, clause (2), item~~
95.25 ~~(ix), for the intended purpose for which it was given and received.~~

95.26 (b) Applicants who are qualified noncitizens and victims of domestic violence as defined
95.27 under section 256J.08, subdivision 73, clauses (8) and (9), are not required to verify the
95.28 information in paragraph (a), clause (10). When a Social Security number is not provided
95.29 to the agency for verification, this requirement is satisfied when each member of the

96.1 assistance unit cooperates with the procedures for verification of Social Security numbers,
 96.2 issuance of duplicate cards, and issuance of new numbers which have been established
 96.3 jointly between the Social Security Administration and the commissioner.

96.4 **EFFECTIVE DATE.** This section is effective July 1, 2024.

96.5 Sec. 30. Minnesota Statutes 2022, section 256P.04, subdivision 8, is amended to read:

96.6 Subd. 8. **Recertification.** The agency shall recertify eligibility annually. During
 96.7 recertification and reporting under section 256P.10, the agency shall verify the following:

96.8 (1) income, unless excluded, including self-employment earnings;

96.9 (2) assets when the value is within \$200 of the asset limit; and

96.10 (3) inconsistent information, if related to eligibility.

96.11 **EFFECTIVE DATE.** This section is effective March 1, 2025.

96.12 Sec. 31. Minnesota Statutes 2022, section 256P.06, subdivision 3, is amended to read:

96.13 Subd. 3. **Income inclusions.** The following must be included in determining the income
 96.14 of an assistance unit:

96.15 (1) earned income; and

96.16 (2) unearned income, which includes:

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

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

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

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

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

96.23 (vi) cash prizes and winnings;

96.24 (vii) unemployment insurance income that is received by an adult member of the
 96.25 assistance unit unless the individual receiving unemployment insurance income is:

96.26 (A) 18 years of age and enrolled in a secondary school; or

96.27 (B) 18 or 19 years of age, a caregiver, and is enrolled in school at least half-time;

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

97.1 ~~(ix) nonrecurring income over \$60 per quarter unless the nonrecurring income is: (A)~~
 97.2 ~~from tax refunds, tax rebates, or tax credits; (B) a reimbursement, rebate, award, grant, or~~
 97.3 ~~refund of personal or real property or costs or losses incurred when these payments are~~
 97.4 ~~made by: a public agency; a court; solicitations through public appeal; a federal, state, or~~
 97.5 ~~local unit of government; or a disaster assistance organization; (C) provided as an in-kind~~
 97.6 ~~benefit; or (D) earmarked and used for the purpose for which it was intended, subject to~~
 97.7 ~~verification requirements under section 256P.04;~~

97.8 ~~(x)~~ (ix) retirement benefits;

97.9 ~~(xi)~~ (x) cash assistance benefits, as defined by each program in chapters 119B, 256D,
 97.10 256I, and 256J;

97.11 ~~(xii)~~ (xi) Tribal per capita payments unless excluded by federal and state law;

97.12 ~~(xiii)~~ (xii) income from members of the United States armed forces unless excluded
 97.13 from income taxes according to federal or state law;

97.14 ~~(xiv)~~ (xiii) all child support payments for programs under chapters 119B, 256D, and
 97.15 256I;

97.16 ~~(xv)~~ (xiv) the amount of child support received that exceeds \$100 for assistance units
 97.17 with one child and \$200 for assistance units with two or more children for programs under
 97.18 chapter 256J;

97.19 ~~(xvi)~~ (xv) spousal support; and

97.20 ~~(xvii)~~ (xvi) workers' compensation.

97.21 **EFFECTIVE DATE.** This section is effective July 1, 2024.

97.22 Sec. 32. Minnesota Statutes 2022, section 256P.07, subdivision 1, is amended to read:

97.23 Subdivision 1. **Exempted programs.** Participants who receive Supplemental Security
 97.24 Income and qualify for Minnesota supplemental aid under chapter 256D ~~and~~ or for housing
 97.25 support under chapter 256I ~~on the basis of eligibility for Supplemental Security Income~~ are
 97.26 exempt from ~~this section~~ reporting income under this chapter.

97.27 **EFFECTIVE DATE.** This section is effective March 1, 2025.

98.1 Sec. 33. Minnesota Statutes 2022, section 256P.07, is amended by adding a subdivision
98.2 to read:

98.3 Subd. 1a. **Child care assistance programs.** Participants who qualify for child care
98.4 assistance programs under chapter 119B are exempt from this section except the reporting
98.5 requirements in subdivision 6.

98.6 **EFFECTIVE DATE.** This section is effective March 1, 2025.

98.7 Sec. 34. Minnesota Statutes 2022, section 256P.07, subdivision 2, is amended to read:

98.8 Subd. 2. **Reporting requirements.** An applicant or participant must provide information
98.9 on an application and any subsequent reporting forms about the assistance unit's
98.10 circumstances that affect eligibility or benefits. An applicant or assistance unit must report
98.11 changes that affect eligibility or benefits as identified in subdivision subdivisions 3, 4, 5,
98.12 7, 8, and 9 during the application period or by the tenth of the month following the month
98.13 the assistance unit's circumstances changed. When information is not accurately reported,
98.14 both an overpayment and a referral for a fraud investigation may result. When information
98.15 or documentation is not provided, the receipt of any benefit may be delayed or denied,
98.16 depending on the type of information required and its effect on eligibility.

98.17 **EFFECTIVE DATE.** This section is effective March 1, 2025.

98.18 Sec. 35. Minnesota Statutes 2022, section 256P.07, subdivision 3, is amended to read:

98.19 Subd. 3. **Changes that must be reported.** ~~An assistance unit must report the changes~~
98.20 ~~or anticipated changes specified in clauses (1) to (12) within ten days of the date they occur,~~
98.21 ~~at the time of recertification of eligibility under section 256P.04, subdivisions 8 and 9, or~~
98.22 ~~within eight calendar days of a reporting period, whichever occurs first. An assistance unit~~
98.23 ~~must report other changes at the time of recertification of eligibility under section 256P.04,~~
98.24 ~~subdivisions 8 and 9, or at the end of a reporting period, as applicable. When an agency~~
98.25 ~~could have reduced or terminated assistance for one or more payment months if a delay in~~
98.26 ~~reporting a change specified under clauses (1) to (12) had not occurred, the agency must~~
98.27 ~~determine whether a timely notice could have been issued on the day that the change~~
98.28 ~~occurred. When a timely notice could have been issued, each month's overpayment~~
98.29 ~~subsequent to that notice must be considered a client error overpayment under section~~
98.30 ~~119B.11, subdivision 2a, or 256P.08. Changes in circumstances that must be reported within~~
98.31 ~~ten days must also be reported for the reporting period in which those changes occurred.~~
98.32 ~~Within ten days, an assistance unit must report:~~

- 99.1 ~~(1) a change in earned income of \$100 per month or greater with the exception of a~~
 99.2 ~~program under chapter 119B;~~
- 99.3 ~~(2) a change in unearned income of \$50 per month or greater with the exception of a~~
 99.4 ~~program under chapter 119B;~~
- 99.5 ~~(3) a change in employment status and hours with the exception of a program under~~
 99.6 ~~chapter 119B;~~
- 99.7 ~~(4) a change in address or residence;~~
- 99.8 ~~(5) a change in household composition with the exception of programs under chapter~~
 99.9 ~~256I;~~
- 99.10 ~~(6) a receipt of a lump-sum payment with the exception of a program under chapter~~
 99.11 ~~119B;~~
- 99.12 ~~(7) an increase in assets if over \$9,000 with the exception of programs under chapter~~
 99.13 ~~119B;~~
- 99.14 ~~(8) a change in citizenship or immigration status;~~
- 99.15 ~~(9) a change in family status with the exception of programs under chapter 256I;~~
- 99.16 ~~(10) a change in disability status of a unit member, with the exception of programs under~~
 99.17 ~~chapter 119B;~~
- 99.18 ~~(11) a new rent subsidy or a change in rent subsidy with the exception of a program~~
 99.19 ~~under chapter 119B; and~~
- 99.20 ~~(12) a sale, purchase, or transfer of real property with the exception of a program under~~
 99.21 ~~chapter 119B.~~
- 99.22 (a) An assistance unit must report changes or anticipated changes as described in this
 99.23 section.
- 99.24 (b) An assistance unit must report:
- 99.25 (1) a change in eligibility for Supplemental Security Income, Retirement Survivors
 99.26 Disability Insurance, or another federal income support;
- 99.27 (2) a change in address or residence;
- 99.28 (3) a change in household composition with the exception of programs under chapter
 99.29 256I;

100.1 (4) cash prizes and winnings according to guidance provided for the Supplemental
 100.2 Nutrition Assistance Program;

100.3 (5) a change in citizenship or immigration status;

100.4 (6) a change in family status with the exception of programs under chapter 256I; and

100.5 (7) a change that makes the value of the unit's assets at or above the asset limit.

100.6 (c) When an agency could have reduced or terminated assistance for one or more payment
 100.7 months if a delay in reporting a change specified under paragraph (b) had not occurred, the
 100.8 agency must determine whether the agency could have issued a timely notice on the day
 100.9 that the change occurred. When a timely notice could have been issued, each month's
 100.10 overpayment subsequent to the notice must be considered a client error overpayment under
 100.11 section 256P.08.

100.12 **EFFECTIVE DATE.** This section is effective March 1, 2025, except that the amendment
 100.13 striking clause (6) is effective July 1, 2024.

100.14 Sec. 36. Minnesota Statutes 2022, section 256P.07, subdivision 4, is amended to read:

100.15 Subd. 4. **MFIP-specific reporting.** In addition to subdivision 3, an assistance unit under
 100.16 chapter 256J, ~~within ten days of the change,~~ must report:

100.17 (1) a pregnancy not resulting in birth when there are no other minor children; ~~and~~

100.18 (2) a change in school attendance of a parent under 20 years of age ~~or of an employed~~
 100.19 ~~child;~~ and

100.20 (3) an individual in the household who is 18 or 19 years of age attending high school
 100.21 who graduates or drops out of school.

100.22 **EFFECTIVE DATE.** This section is effective March 1, 2025.

100.23 Sec. 37. Minnesota Statutes 2022, section 256P.07, subdivision 6, is amended to read:

100.24 Subd. 6. **Child care assistance programs-specific reporting.** (a) ~~In addition to~~
 100.25 ~~subdivision 3,~~ An assistance unit under chapter 119B, within ten days of the change, must
 100.26 report:

100.27 (1) a change in a parentally responsible individual's custody schedule for any child
 100.28 receiving child care assistance program benefits;

100.29 (2) a permanent end in a parentally responsible individual's authorized activity; ~~and~~

101.1 (3) if the unit's family's annual included income exceeds 85 percent of the state median
101.2 income, adjusted for family size;

101.3 (4) a change in address or residence;

101.4 (5) a change in household composition;

101.5 (6) a change in citizenship or immigration status; and

101.6 (7) a change in family status.

101.7 (b) An assistance unit subject to section 119B.095, subdivision 1, paragraph (b), must
101.8 report a change in the unit's authorized activity status.

101.9 (c) An assistance unit must notify the county when the unit wants to reduce the number
101.10 of authorized hours for children in the unit.

101.11 **EFFECTIVE DATE.** This section is effective March 1, 2025.

101.12 Sec. 38. Minnesota Statutes 2022, section 256P.07, subdivision 7, is amended to read:

101.13 Subd. 7. **Minnesota supplemental aid-specific reporting.** (a) In addition to subdivision
101.14 3, an assistance unit participating in the Minnesota supplemental aid program under ~~section~~
101.15 ~~256D.44, subdivision 5, paragraph (g), within ten days of the change, chapter 256D and not~~
101.16 receiving Supplemental Security Income must report shelter expenses.:

101.17 (1) a change in unearned income of \$50 per month or greater; and

101.18 (2) a change in earned income of \$100 per month or greater.

101.19 (b) An assistance unit receiving housing assistance under section 256D.44, subdivision
101.20 5, paragraph (g), including assistance units that also receive Supplemental Security Income,
101.21 must report:

101.22 (1) a change in shelter expenses; and

101.23 (2) a new rent subsidy or a change in rent subsidy.

101.24 **EFFECTIVE DATE.** This section is effective March 1, 2025.

101.25 Sec. 39. Minnesota Statutes 2022, section 256P.07, is amended by adding a subdivision
101.26 to read:

101.27 Subd. 8. **Housing support-specific reporting.** (a) In addition to subdivision 3, an
101.28 assistance unit participating in the housing support program under chapter 256I and not
101.29 receiving Supplemental Security Income must report:

102.1 (1) a change in unearned income of \$50 per month or greater; and

102.2 (2) a change in earned income of \$100 per month or greater, unless the assistance unit
 102.3 is already subject to six-month reporting requirements in section 256P.10.

102.4 (b) Notwithstanding the exemptions in subdivisions 1 and 3, an assistance unit receiving
 102.5 housing support under chapter 256I, including an assistance unit that receives Supplemental
 102.6 Security Income, must report:

102.7 (1) a new rent subsidy or a change in rent subsidy;

102.8 (2) a change in the disability status of a unit member; and

102.9 (3) a change in household composition if the assistance unit is a participant in housing
 102.10 support under section 256I.04, subdivision 3, paragraph (a), clause (3).

102.11 **EFFECTIVE DATE.** This section is effective March 1, 2025.

102.12 Sec. 40. Minnesota Statutes 2022, section 256P.07, is amended by adding a subdivision
 102.13 to read:

102.14 Subd. 9. **General assistance-specific reporting.** In addition to subdivision 3, an
 102.15 assistance unit participating in the general assistance program under chapter 256D must
 102.16 report:

102.17 (1) a change in unearned income of \$50 per month or greater;

102.18 (2) a change in earned income of \$100 per month or greater, unless the assistance unit
 102.19 is already subject to six-month reporting requirements in section 256P.10; and

102.20 (3) changes in any condition that would result in the loss of basis for eligibility in section
 102.21 256D.05, subdivision 1, paragraph (a).

102.22 **EFFECTIVE DATE.** This section is effective March 1, 2025.

102.23 Sec. 41. **[256P.09] PROSPECTIVE BUDGETING OF BENEFITS.**

102.24 Subdivision 1. **Exempted programs.** Assistance units that qualify for child care
 102.25 assistance programs under chapter 119B and assistance units that receive housing support
 102.26 under chapter 256I are not subject to reporting under section 256P.10, and assistance units
 102.27 that qualify for Minnesota supplemental aid under chapter 256D are exempt from this
 102.28 section.

102.29 Subd. 2. **Prospective budgeting of benefits.** An agency subject to this chapter must use
 102.30 prospective budgeting to calculate the assistance payment amount.

103.1 Subd. 3. **Initial income.** For the purpose of determining an assistance unit's level of
 103.2 benefits, an agency must take into account the income already received by the assistance
 103.3 unit during or anticipated to be received during the application period. Income anticipated
 103.4 to be received only in the initial month of eligibility must only be counted in the initial
 103.5 month.

103.6 Subd. 4. **Income determination.** An agency must use prospective budgeting to determine
 103.7 the amount of the assistance unit's benefit for the eligibility period based on the best
 103.8 information available at the time of approval. An agency shall only count anticipated income
 103.9 when the participant and the agency are reasonably certain of the amount of the payment
 103.10 and the month in which the payment will be received. If the exact amount of the income is
 103.11 not known, the agency shall consider only the amounts that can be anticipated as income.

103.12 Subd. 5. **Income changes.** An increase in income shall not affect an assistance unit's
 103.13 eligibility or benefit amount until the next review unless otherwise required to be reported
 103.14 in section 256P.07. A decrease in income shall be effective on the date that the change
 103.15 occurs if the change is reported by the tenth of the month following the month when the
 103.16 change occurred. If the assistance unit does not report the change in income by the tenth of
 103.17 the month following the month when the change occurred, the change in income shall be
 103.18 effective on the date the change was reported.

103.19 **EFFECTIVE DATE.** This section is effective March 1, 2025.

103.20 Sec. 42. **[256P.10] SIX-MONTH REPORTING.**

103.21 Subdivision 1. **Exempted programs.** Assistance units that qualify for child care
 103.22 assistance programs under chapter 119B, assistance units that qualify for Minnesota
 103.23 supplemental aid under chapter 256D, and assistance units that qualify for housing support
 103.24 under chapter 256I and also receive Supplemental Security Income are exempt from this
 103.25 section.

103.26 Subd. 2. **Reporting.** (a) Every six months, an assistance unit that qualifies for the
 103.27 Minnesota family investment program under chapter 256J, an assistance unit that qualifies
 103.28 for general assistance under chapter 256D with an earned income of \$100 per month or
 103.29 greater, or an assistance unit that qualifies for housing support under chapter 256I with an
 103.30 earned income of \$100 per month or greater is subject to six-month reviews. The initial
 103.31 reporting period may be shorter than six months in order to align with other programs'
 103.32 reporting periods.

104.1 (b) An assistance unit that qualifies for the Minnesota family investment program or an
104.2 assistance unit that qualifies for general assistance with an earned income of \$100 per month
104.3 or greater must complete household report forms as required by the commissioner for
104.4 redetermination of benefits.

104.5 (c) An assistance unit that qualifies for housing support with an earned income of \$100
104.6 per month or greater must complete household report forms as prescribed by the
104.7 commissioner to provide information about earned income.

104.8 (d) An assistance unit that qualifies for housing support and also receives assistance
104.9 through the Minnesota family investment program shall be subject to requirements of this
104.10 section for purposes of the Minnesota family investment program but not for housing support.

104.11 (e) An assistance unit covered by this section must submit a household report form in
104.12 compliance with the provisions in section 256P.04, subdivision 11.

104.13 (f) An assistance unit covered by this section may choose to report changes under this
104.14 section at any time.

104.15 Subd. 3. **When to terminate assistance.** (a) An agency must terminate benefits when
104.16 the assistance unit fails to submit the household report form before the end of the six-month
104.17 review period. If the assistance unit submits the household report form within 30 days of
104.18 the termination of benefits and remains eligible, benefits must be reinstated and made
104.19 available retroactively for the full benefit month.

104.20 (b) When an assistance unit is determined to be ineligible for assistance according to
104.21 this section and chapter 256D, 256I, or 256J, the agency must terminate assistance.

104.22 **EFFECTIVE DATE.** This section is effective March 1, 2025.

104.23 Sec. 43. **APPROPRIATION; EMERGENCY FOOD DISTRIBUTION FACILITIES.**

104.24 \$19,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner
104.25 of human services for improving and expanding the infrastructure of food shelf facilities
104.26 across the state, including adding freezer or cooler space and dry storage space, improving
104.27 the safety and sanitation of existing food shelves, and addressing deferred maintenance or
104.28 other facility needs of existing food shelves. Grant money shall be made available to nonprofit
104.29 organizations, federally recognized Tribes, and local units of government. This is a onetime
104.30 appropriation and is available until June 30, 2027.

105.1 Sec. 44. **REPEALER.**

105.2 (a) Minnesota Statutes 2022, sections 256.9864; 256J.08, subdivisions 10, 53, 61, 62,
 105.3 81, and 83; 256J.30, subdivisions 5, 7, and 8; 256J.33, subdivisions 3, 4, and 5; 256J.34,
 105.4 subdivisions 1, 2, 3, and 4; and 256J.37, subdivision 10, are repealed.

105.5 (b) Minnesota Statutes 2022, section 256.8799, is repealed.

105.6 **EFFECTIVE DATE.** Paragraph (a) is effective March 1, 2025, except the repeal of
 105.7 Minnesota Statutes 2022, sections 256J.08, subdivisions 62 and 53, and 256J.37, subdivision
 105.8 10, is effective July 1, 2024. Paragraph (b) is effective August 1, 2023.

105.9 **ARTICLE 5**105.10 **ADDRESSING DEEP POVERTY**

105.11 Section 1. Minnesota Statutes 2022, section 256D.01, subdivision 1a, is amended to read:

105.12 Subd. 1a. **Standards.** (a) A principal objective in providing general assistance is to
 105.13 provide for single adults, childless couples, or children as defined in section 256D.02,
 105.14 subdivision 6, ineligible for federal programs who are unable to provide for themselves.
 105.15 The minimum standard of assistance determines the total amount of the general assistance
 105.16 grant without separate standards for shelter, utilities, or other needs.

105.17 (b) ~~The commissioner shall set the standard of assistance for an assistance unit consisting~~
 105.18 ~~of an adult a recipient who is childless and unmarried or living apart from children and~~
 105.19 ~~spouse and who does not live with a parent or parents or a legal custodian is the cash portion~~
 105.20 ~~of the MFIP transitional standard for a single adult under section 256J.24, subdivision 5.~~
 105.21 ~~When the other standards specified in this subdivision increase, this standard must also be~~
 105.22 ~~increased by the same percentage.~~

105.23 (c) For an assistance unit consisting of a single adult who lives with a parent or parents,
 105.24 the general assistance standard of assistance is ~~the amount that the aid to families with~~
 105.25 ~~dependent children standard of assistance, in effect on July 16, 1996, would increase if the~~
 105.26 ~~recipient were added as an additional minor child to an assistance unit consisting of the~~
 105.27 ~~recipient's parent and all of that parent's family members, except that the standard may not~~
 105.28 ~~exceed the standard for a general assistance recipient living alone~~ is the cash portion of the
 105.29 MFIP transitional standard for a single adult under section 256J.24, subdivision 5. Benefits
 105.30 received by a responsible relative of the assistance unit under the Supplemental Security
 105.31 Income program, a workers' compensation program, the Minnesota supplemental aid program,
 105.32 or any other program based on the responsible relative's disability, and any benefits received
 105.33 by a responsible relative of the assistance unit under the Social Security retirement program,

106.1 may not be counted in the determination of eligibility or benefit level for the assistance unit.
 106.2 Except as provided below, the assistance unit is ineligible for general assistance if the
 106.3 available resources or the countable income of the assistance unit and the parent or parents
 106.4 with whom the assistance unit lives are such that a family consisting of the assistance unit's
 106.5 parent or parents, the parent or parents' other family members and the assistance unit as the
 106.6 only or additional minor child would be financially ineligible for general assistance. For
 106.7 the purposes of calculating the countable income of the assistance unit's parent or parents,
 106.8 the calculation methods must follow the provisions under section 256P.06.

106.9 (d) For an assistance unit consisting of a childless couple, the standards of assistance
 106.10 are the same as the first and second adult standards of the aid to families with dependent
 106.11 children program in effect on July 16, 1996. If one member of the couple is not included in
 106.12 the general assistance grant, the standard of assistance for the other is the second adult
 106.13 standard of the aid to families with dependent children program as of July 16, 1996.

106.14 Sec. 2. Minnesota Statutes 2022, section 256D.024, subdivision 1, is amended to read:

106.15 Subdivision 1. **Person convicted of drug offenses.** (a) ~~If An applicant or recipient~~
 106.16 individual who has been convicted of a felony-level drug offense ~~after July 1, 1997, the~~
 106.17 ~~assistance unit is ineligible for benefits under this chapter until five years after the applicant~~
 106.18 ~~has completed terms of the court-ordered sentence, unless the person is participating in a~~
 106.19 ~~drug treatment program, has successfully completed a drug treatment program, or has been~~
 106.20 ~~assessed by the county and determined not to be in need of a drug treatment program. Persons~~
 106.21 ~~subject to the limitations of this subdivision who become eligible for assistance under this~~
 106.22 ~~chapter shall~~ during the previous ten years from the date of application or recertification
 106.23 may be subject to random drug testing as a condition of continued eligibility and shall lose
 106.24 eligibility for benefits for five years beginning the month following. The county must
 106.25 provide information about substance use disorder treatment programs to a person who tests
 106.26 positive for an illegal controlled substance.

106.27 ~~(1) Any positive test result for an illegal controlled substance; or~~

106.28 ~~(2) discharge of sentence after conviction for another drug felony.~~

106.29 (b) For the purposes of this subdivision, "drug offense" means a conviction that occurred
 106.30 ~~after July 1, 1997,~~ during the previous ten years from the date of application or recertification
 106.31 of sections 152.021 to 152.025, 152.0261, 152.0262, or 152.096. Drug offense also means
 106.32 a conviction in another jurisdiction of the possession, use, or distribution of a controlled
 106.33 substance, or conspiracy to commit any of these offenses, if the ~~offense~~ conviction occurred
 106.34 ~~after July 1, 1997,~~ during the previous ten years from the date of application or recertification

107.1 and the conviction is a felony offense in that jurisdiction, or in the case of New Jersey, a
107.2 high misdemeanor.

107.3 Sec. 3. Minnesota Statutes 2022, section 256D.06, subdivision 5, is amended to read:

107.4 Subd. 5. **Eligibility; requirements.** (a) Any applicant, otherwise eligible for general
107.5 assistance and possibly eligible for maintenance benefits from any other source shall (1)
107.6 make application for those benefits within ~~30~~ 90 days of the general assistance application;
107.7 and (2) execute an interim assistance agreement on a form as directed by the commissioner.

107.8 (b) The commissioner shall review a denial of an application for other maintenance
107.9 benefits and may require a recipient of general assistance to file an appeal of the denial if
107.10 appropriate. If found eligible for benefits from other sources, and a payment received from
107.11 another source relates to the period during which general assistance was also being received,
107.12 the recipient shall be required to reimburse the county agency for the interim assistance
107.13 paid. Reimbursement shall not exceed the amount of general assistance paid during the time
107.14 period to which the other maintenance benefits apply and shall not exceed the state standard
107.15 applicable to that time period.

107.16 (c) The commissioner may contract with the county agencies, qualified agencies,
107.17 organizations, or persons to provide advocacy and support services to process claims for
107.18 federal disability benefits for applicants or recipients of services or benefits supervised by
107.19 the commissioner using money retained under this section.

107.20 (d) The commissioner may provide methods by which county agencies shall identify,
107.21 refer, and assist recipients who may be eligible for benefits under federal programs for
107.22 people with a disability.

107.23 (e) The total amount of interim assistance recoveries retained under this section for
107.24 advocacy, support, and claim processing services shall not exceed 35 percent of the interim
107.25 assistance recoveries in the prior fiscal year.

107.26 Sec. 4. Minnesota Statutes 2022, section 256I.03, subdivision 7, is amended to read:

107.27 Subd. 7. **Countable income.** (a) "Countable income" means all income received by an
107.28 applicant or recipient as described under section 256P.06, less any applicable exclusions or
107.29 disregards. ~~For a recipient of any cash benefit from the SSI program, countable income~~
107.30 ~~means the SSI benefit limit in effect at the time the person is a recipient of housing support,~~
107.31 ~~less the medical assistance personal needs allowance under section 256B.35. If the SSI limit~~

108.1 ~~or benefit is reduced for a person due to events other than receipt of additional income,~~
 108.2 ~~countable income means actual income less any applicable exclusions and disregards.~~

108.3 (b) For a recipient of any cash benefit from the SSI program who does not live in a
 108.4 setting described in section 256I.04, subdivision 2a, paragraph (b), clause (2), countable
 108.5 income equals the SSI benefit limit in effect at the time the person is a recipient of housing
 108.6 support, less the medical assistance personal needs allowance under section 256B.35. If the
 108.7 SSI limit or benefit is reduced for a person due to events other than receipt of additional
 108.8 income, countable income equals actual income less any applicable exclusions and disregards.

108.9 (c) For a recipient of any cash benefit from the SSI program who lives in a setting as
 108.10 described in section 256I.04, subdivision 2a, paragraph (b), clause (2), countable income
 108.11 equals 30 percent of the SSI benefit limit in effect at the time a person is a recipient of
 108.12 housing support. If the SSI limit or benefit is reduced for a person due to events other than
 108.13 receipt of additional income, countable income equals 30 percent of the actual income less
 108.14 any applicable exclusions and disregards. For recipients under this paragraph, the medical
 108.15 assistance personal needs allowance described in sections 256I.04, subdivision 1, paragraph
 108.16 (a), clause (2), and 256I.04, subdivision 1, paragraph (b), does not apply.

108.17 (d) Notwithstanding the earned income disregard described in section 256P.03, for a
 108.18 recipient of unearned income as defined in section 256P.06, subdivision 3, clause (2), other
 108.19 than SSI who lives in a setting described in section 256I.04, subdivision 2a, paragraph (b),
 108.20 clause (2), countable income equals 30 percent of the recipient's total income after applicable
 108.21 exclusions and disregards. Total income includes any unearned income as defined in section
 108.22 256P.06 and any earned income in the month the person is a recipient of housing support.
 108.23 For recipients under this paragraph, the medical assistance personal needs allowance
 108.24 described in sections 256I.04, subdivision 1, paragraph (a), clause (2), and 256I.04,
 108.25 subdivision 1, paragraph (b), does not apply.

108.26 **EFFECTIVE DATE.** This section is effective January 1, 2025.

108.27 Sec. 5. Minnesota Statutes 2022, section 256J.26, subdivision 1, is amended to read:

108.28 Subdivision 1. **Person convicted of drug offenses.** (a) An individual who has been
 108.29 convicted of a felony level drug offense ~~committed~~ during the previous ten years from the
 108.30 date of application or recertification is subject to the following:

108.31 (1) Benefits for the entire assistance unit must be paid in vendor form for shelter and
 108.32 utilities during any time the applicant is part of the assistance unit.

109.1 (2) The convicted applicant or participant ~~shall~~ may be subject to random drug testing
109.2 ~~as a condition of continued eligibility and.~~ Following any positive test for an illegal controlled
109.3 ~~substance is subject to the following sanctions:~~, the county must provide information about
109.4 substance use disorder treatment programs to the applicant or participant.

109.5 (i) ~~for failing a drug test the first time, the residual amount of the participant's grant after~~
109.6 ~~making vendor payments for shelter and utility costs, if any, must be reduced by an amount~~
109.7 ~~equal to 30 percent of the MFIP standard of need for an assistance unit of the same size.~~
109.8 ~~When a sanction under this subdivision is in effect, the job counselor must attempt to meet~~
109.9 ~~with the person face-to-face. During the face-to-face meeting, the job counselor must explain~~
109.10 ~~the consequences of a subsequent drug test failure and inform the participant of the right to~~
109.11 ~~appeal the sanction under section 256J.40. If a face-to-face meeting is not possible, the~~
109.12 ~~county agency must send the participant a notice of adverse action as provided in section~~
109.13 ~~256J.31, subdivisions 4 and 5, and must include the information required in the face-to-face~~
109.14 ~~meeting; or~~

109.15 (ii) ~~for failing a drug test two times, the participant is permanently disqualified from~~
109.16 ~~receiving MFIP assistance, both the cash and food portions. The assistance unit's MFIP~~
109.17 ~~grant must be reduced by the amount which would have otherwise been made available to~~
109.18 ~~the disqualified participant. Disqualification under this item does not make a participant~~
109.19 ~~ineligible for the Supplemental Nutrition Assistance Program (SNAP). Before a~~
109.20 ~~disqualification under this provision is imposed, the job counselor must attempt to meet~~
109.21 ~~with the participant face-to-face. During the face-to-face meeting, the job counselor must~~
109.22 ~~identify other resources that may be available to the participant to meet the needs of the~~
109.23 ~~family and inform the participant of the right to appeal the disqualification under section~~
109.24 ~~256J.40. If a face-to-face meeting is not possible, the county agency must send the participant~~
109.25 ~~a notice of adverse action as provided in section 256J.31, subdivisions 4 and 5, and must~~
109.26 ~~include the information required in the face-to-face meeting.~~

109.27 (3) ~~A participant who fails a drug test the first time and is under a sanction due to other~~
109.28 ~~MFIP program requirements is considered to have more than one occurrence of~~
109.29 ~~noncompliance and is subject to the applicable level of sanction as specified under section~~
109.30 ~~256J.46, subdivision 1, paragraph (d).~~

109.31 (b) Applicants requesting only SNAP benefits or participants receiving only SNAP
109.32 benefits, who have been convicted of a felony-level drug offense that occurred after July
109.33 1, 1997, during the previous ten years from the date of application or recertification may,
109.34 if otherwise eligible, receive SNAP benefits if. The convicted applicant or participant is
109.35 may be subject to random drug testing as a condition of continued eligibility. Following a

110.1 positive test for an illegal controlled substance, the applicant is subject to the following
 110.2 ~~sanctions:~~ county must provide information about substance use disorder treatment programs
 110.3 to the applicant or participant.

110.4 ~~(1) for failing a drug test the first time, SNAP benefits shall be reduced by an amount~~
 110.5 ~~equal to 30 percent of the applicable SNAP benefit allotment. When a sanction under this~~
 110.6 ~~clause is in effect, a job counselor must attempt to meet with the person face-to-face. During~~
 110.7 ~~the face-to-face meeting, a job counselor must explain the consequences of a subsequent~~
 110.8 ~~drug test failure and inform the participant of the right to appeal the sanction under section~~
 110.9 ~~256J.40. If a face-to-face meeting is not possible, a county agency must send the participant~~
 110.10 ~~a notice of adverse action as provided in section 256J.31, subdivisions 4 and 5, and must~~
 110.11 ~~include the information required in the face-to-face meeting; and~~

110.12 ~~(2) for failing a drug test two times, the participant is permanently disqualified from~~
 110.13 ~~receiving SNAP benefits. Before a disqualification under this provision is imposed, a job~~
 110.14 ~~counselor must attempt to meet with the participant face-to-face. During the face-to-face~~
 110.15 ~~meeting, the job counselor must identify other resources that may be available to the~~
 110.16 ~~participant to meet the needs of the family and inform the participant of the right to appeal~~
 110.17 ~~the disqualification under section 256J.40. If a face-to-face meeting is not possible, a county~~
 110.18 ~~agency must send the participant a notice of adverse action as provided in section 256J.31,~~
 110.19 ~~subdivisions 4 and 5, and must include the information required in the face-to-face meeting.~~

110.20 (c) For the purposes of this subdivision, "drug offense" means ~~an offense~~ a conviction
 110.21 that occurred during the previous ten years from the date of application or recertification
 110.22 of sections 152.021 to 152.025, 152.0261, 152.0262, 152.096, or 152.137. Drug offense
 110.23 also means a conviction in another jurisdiction of the possession, use, or distribution of a
 110.24 controlled substance, or conspiracy to commit any of these offenses, if the ~~offense~~ conviction
 110.25 occurred during the previous ten years from the date of application or recertification and
 110.26 the conviction is a felony offense in that jurisdiction, or in the case of New Jersey, a high
 110.27 misdemeanor.

110.28 Sec. 6. Minnesota Statutes 2022, section 256P.01, is amended by adding a subdivision to
 110.29 read:

110.30 Subd. 5a. Lived-experience engagement. "Lived-experience engagement" means an
 110.31 intentional engagement of people with lived experience by a federal, Tribal, state, county,
 110.32 municipal, or nonprofit human services agency funded in part or in whole by federal, state,
 110.33 local government, Tribal Nation, public, private, or philanthropic funds to gather and share
 110.34 feedback on the impact of human services programs.

111.1 Sec. 7. Minnesota Statutes 2022, section 256P.02, subdivision 2, is amended to read:

111.2 Subd. 2. **Personal property limitations.** The equity value of an assistance unit's personal
111.3 property listed in clauses (1) to (5) must not exceed \$10,000 for applicants and participants.

111.4 For purposes of this subdivision, personal property is limited to:

111.5 (1) cash not excluded under subdivision 4;

111.6 (2) bank accounts;

111.7 (3) liquid stocks and bonds that can be readily accessed without a financial penalty;

111.8 (4) vehicles not excluded under subdivision 3; and

111.9 (5) the full value of business accounts used to pay expenses not related to the business.

111.10 Sec. 8. Minnesota Statutes 2022, section 256P.02, is amended by adding a subdivision to
111.11 read:

111.12 Subd. 4. **Health and human services recipient engagement income.** Income received
111.13 from lived-experience engagement, as defined in section 256P.01, subdivision 6, shall be
111.14 excluded when determining the equity value of personal property.

111.15 Sec. 9. Minnesota Statutes 2022, section 256P.06, subdivision 3, is amended to read:

111.16 Subd. 3. **Income inclusions.** The following must be included in determining the income
111.17 of an assistance unit:

111.18 (1) earned income; and

111.19 (2) unearned income, which includes:

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

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

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

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

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

111.26 (vi) cash prizes and winnings;

111.27 (vii) unemployment insurance income that is received by an adult member of the
111.28 assistance unit unless the individual receiving unemployment insurance income is:

- 112.1 (A) 18 years of age and enrolled in a secondary school; or
- 112.2 (B) 18 or 19 years of age, a caregiver, and is enrolled in school at least half-time;
- 112.3 (viii) retirement, survivors, and disability insurance payments;
- 112.4 (ix) nonrecurring income over \$60 per quarter unless the nonrecurring income is: (A)
- 112.5 from tax refunds, tax rebates, or tax credits; (B) a reimbursement, rebate, award, grant, or
- 112.6 refund of personal or real property or costs or losses incurred when these payments are
- 112.7 made by: a public agency; a court; solicitations through public appeal; a federal, state, or
- 112.8 local unit of government; or a disaster assistance organization; (C) provided as an in-kind
- 112.9 benefit; or (D) earmarked and used for the purpose for which it was intended, subject to
- 112.10 verification requirements under section 256P.04;
- 112.11 (x) retirement benefits;
- 112.12 (xi) cash assistance benefits, as defined by each program in chapters 119B, 256D, 256I,
- 112.13 and 256J;
- 112.14 ~~(xii) Tribal per capita payments unless excluded by federal and state law;~~
- 112.15 ~~(xiii)~~ (xii) income from members of the United States armed forces unless excluded
- 112.16 from income taxes according to federal or state law;
- 112.17 ~~(xiv)~~ (xiii) all child support payments for programs under chapters 119B, 256D, and
- 112.18 256I;
- 112.19 ~~(xv)~~ (xiv) the amount of child support received that exceeds \$100 for assistance units
- 112.20 with one child and \$200 for assistance units with two or more children for programs under
- 112.21 chapter 256J;
- 112.22 ~~(xvi)~~ (xv) spousal support; and
- 112.23 ~~(xvii)~~ (xvi) workers' compensation.
- 112.24 Sec. 10. Minnesota Statutes 2022, section 256P.06, is amended by adding a subdivision
- 112.25 to read:
- 112.26 Subd. 4. Recipient engagement income. Income received from lived-experience
- 112.27 engagement, as defined in section 256P.01, subdivision 5a, must not be counted as income
- 112.28 for purposes of determining or redetermining eligibility or benefits.

113.1 Sec. 11. Minnesota Statutes 2022, section 609B.425, subdivision 2, is amended to read:

113.2 Subd. 2. **Benefit eligibility.** (a) For general assistance benefits and Minnesota
 113.3 supplemental aid under chapter 256D, a person convicted of a felony-level drug offense
 113.4 after July 1, 1997, is ineligible for general assistance benefits and Supplemental Security
 113.5 Income under chapter 256D until: during the previous ten years from the date of application
 113.6 or recertification may be subject to random drug testing. The county must provide information
 113.7 about substance use disorder treatment programs to a person who tests positive for an illegal
 113.8 controlled substance.

113.9 (1) ~~five years after completing the terms of a court-ordered sentence; or~~

113.10 (2) ~~unless the person is participating in a drug treatment program, has successfully~~
 113.11 ~~completed a program, or has been determined not to be in need of a drug treatment program.~~

113.12 (b) ~~A person who becomes eligible for assistance under chapter 256D is subject to~~
 113.13 ~~random drug testing and shall lose eligibility for benefits for five years beginning the month~~
 113.14 ~~following:~~

113.15 (1) ~~any positive test for an illegal controlled substance; or~~

113.16 (2) ~~discharge of sentence for conviction of another drug felony.~~

113.17 (e) (b) Parole violators and fleeing felons are ineligible for benefits and persons
 113.18 fraudulently misrepresenting eligibility are also ineligible to receive benefits for ten years.

113.19 Sec. 12. Minnesota Statutes 2022, section 609B.435, subdivision 2, is amended to read:

113.20 Subd. 2. **Drug offenders; random testing; sanctions.** A person who is an applicant for
 113.21 benefits from the Minnesota family investment program or MFIP, the vehicle for temporary
 113.22 assistance for needy families or TANF, and who has been convicted of a felony-level drug
 113.23 offense shall may be subject to ~~certain conditions, including random drug testing, in order~~
 113.24 ~~to receive MFIP benefits.~~ Following any positive test for a controlled substance, the ~~convicted~~
 113.25 ~~applicant or participant is subject to the following sanctions:~~ county must provide information
 113.26 about substance use disorder treatment programs to the applicant or participant.

113.27 (1) ~~a first time drug test failure results in a reduction of benefits in an amount equal to~~
 113.28 ~~30 percent of the MFIP standard of need; and~~

113.29 (2) ~~a second time drug test failure results in permanent disqualification from receiving~~
 113.30 ~~MFIP assistance.~~

113.31 ~~A similar disqualification sequence occurs if the applicant is receiving Supplemental Nutrition~~
 113.32 ~~Assistance Program (SNAP) benefits.~~

114.1 **ARTICLE 6**114.2 **HOUSING AND HOMELESSNESS**

114.3 Section 1. Minnesota Statutes 2022, section 145.4716, subdivision 3, is amended to read:

114.4 Subd. 3. **Youth eligible for services.** Youth 24 years of age or younger shall be eligible
114.5 for all services, support, and programs provided under this section and section 145.4717,
114.6 and all shelter, housing beds, and services provided by the commissioner of human services
114.7 to sexually exploited youth and youth at risk of sexual exploitation under section 256K.47.

114.8 Sec. 2. Minnesota Statutes 2022, section 256I.04, subdivision 1, is amended to read:

114.9 Subdivision 1. **Individual eligibility requirements.** An individual is eligible for and
114.10 entitled to a housing support payment to be made on the individual's behalf if the agency
114.11 has approved the setting where the individual will receive housing support and the individual
114.12 meets the requirements in paragraph (a), (b), ~~or (c)~~, or (d).

114.13 (a) The individual is aged, blind, or is over 18 years of age with a disability as determined
114.14 under the criteria used by the title II program of the Social Security Act, and meets the
114.15 resource restrictions and standards of section 256P.02, and the individual's countable income
114.16 after deducting the (1) exclusions and disregards of the SSI program, (2) the medical
114.17 assistance personal needs allowance under section 256B.35, and (3) an amount equal to the
114.18 income actually made available to a community spouse by an elderly waiver participant
114.19 under the provisions of sections 256B.0575, paragraph (a), clause (4), and 256B.058,
114.20 subdivision 2, is less than the monthly rate specified in the agency's agreement with the
114.21 provider of housing support in which the individual resides.

114.22 (b) The individual meets a category of eligibility under section 256D.05, subdivision 1,
114.23 paragraph (a), clauses (1), (3), (4) to (8), and (13), and paragraph (b), if applicable, and the
114.24 individual's resources are less than the standards specified by section 256P.02, and the
114.25 individual's countable income as determined under section 256P.06, less the medical
114.26 assistance personal needs allowance under section 256B.35 is less than the monthly rate
114.27 specified in the agency's agreement with the provider of housing support in which the
114.28 individual resides.

114.29 (c) The individual lacks a fixed, adequate, nighttime residence upon discharge from a
114.30 residential behavioral health treatment program, as determined by treatment staff from the
114.31 residential behavioral health treatment program. An individual is eligible under this paragraph
114.32 for up to three months, including a full or partial month from the individual's move-in date

115.1 at a setting approved for housing support following discharge from treatment, plus two full
115.2 months.

115.3 (d) The individual meets the criteria related to establishing a certified disability or
115.4 disabling condition in paragraph (a) or (b) and lacks a fixed, adequate, nighttime residence
115.5 upon discharge from a correctional facility, as determined by an authorized representative
115.6 from a Minnesota-based correctional facility. An individual is eligible under this paragraph
115.7 for up to three months, including a full or partial month from the individual's move-in date
115.8 at a setting approved for housing support following release, plus two full months. People
115.9 who meet the disabling condition criteria established in paragraph (a) or (b) will not have
115.10 any countable income for the duration of eligibility under this paragraph.

115.11 Sec. 3. Minnesota Statutes 2022, section 256K.45, subdivision 3, is amended to read:

115.12 Subd. 3. **Street and community outreach and drop-in program.** Youth drop-in centers
115.13 must provide walk-in access to crisis intervention and ongoing supportive services including
115.14 one-to-one case management services on a self-referral basis. Street and community outreach
115.15 programs must locate, contact, and provide information, referrals, and services to homeless
115.16 youth, youth at risk of homelessness, and runaways. Information, referrals, and services
115.17 provided may include, but are not limited to:

115.18 (1) family reunification services;

115.19 (2) conflict resolution or mediation counseling;

115.20 (3) assistance in obtaining temporary emergency shelter;

115.21 (4) assistance in obtaining food, clothing, medical care, or mental health counseling;

115.22 (5) counseling regarding violence, sexual exploitation, substance abuse, sexually
115.23 transmitted diseases, and pregnancy;

115.24 (6) referrals to other agencies that provide support services to homeless youth, youth at
115.25 risk of homelessness, and runaways;

115.26 (7) assistance with education, employment, and independent living skills;

115.27 (8) aftercare services;

115.28 (9) specialized services for highly vulnerable runaways and homeless youth, including
115.29 ~~teen~~ but not limited to youth at risk of discrimination based on sexual orientation or gender
115.30 identity, young parents, emotionally disturbed and mentally ill youth, and sexually exploited
115.31 youth; and

116.1 (10) homelessness prevention.

116.2 Sec. 4. Minnesota Statutes 2022, section 256K.45, subdivision 7, is amended to read:

116.3 Subd. 7. **Provider repair or improvement grants.** (a) Providers that serve homeless
 116.4 youth ~~under this section~~ may apply for a grant of up to ~~\$200,000~~ \$500,000 under this
 116.5 subdivision to make minor or mechanical repairs or improvements to a facility providing
 116.6 services to homeless youth or youth at risk of homelessness.

116.7 (b) Grant applications under this subdivision must include a description of the repairs
 116.8 or improvements and the estimated cost of the repairs or improvements.

116.9 ~~(c) Grantees under this subdivision cannot receive grant funds under this subdivision~~
 116.10 ~~for two consecutive years.~~

116.11 Sec. 5. **[256K.47] SAFE HARBOR SHELTER AND HOUSING GRANT PROGRAM.**

116.12 Subdivision 1. **Grant program established.** The commissioner of human services shall
 116.13 establish the safe harbor shelter and housing grant program and award grants to providers
 116.14 who are committed to serving sexually exploited youth and youth at risk of sexual
 116.15 exploitation. The grant program is to provide street and community outreach programs,
 116.16 emergency shelter programs, and supportive housing programs, consistent with the program
 116.17 descriptions in this section in order to address the specialized outreach, shelter, and housing
 116.18 needs of sexually exploited youth and youth at risk of sexual exploitation.

116.19 Subd. 2. **Youth eligible for services.** Youth 24 years of age or younger shall be eligible
 116.20 for all shelter, housing beds, and services provided under this section and all services,
 116.21 support, and programs provided by the commissioner of health to sexually exploited youth
 116.22 and youth at risk of sexual exploitation under sections 145.4716 and 145.4717.

116.23 Subd. 3. **Street and community outreach.** Street and community outreach programs
 116.24 receiving grants under this section must locate, contact, and provide information, referrals,
 116.25 and services to eligible youth. Information, referrals, and services provided by street and
 116.26 community outreach programs may include but are not limited to:

116.27 (1) family reunification services;

116.28 (2) conflict resolution or mediation counseling;

116.29 (3) assistance in obtaining temporary emergency shelter;

116.30 (4) assistance in obtaining food, clothing, medical care, or mental health counseling;

- 117.1 (5) counseling regarding violence, sexual exploitation, substance use, sexually transmitted
117.2 infections, and pregnancy;
- 117.3 (6) referrals to other agencies that provide support services to sexually exploited youth
117.4 and youth at risk of sexual exploitation;
- 117.5 (7) assistance with education, employment, and independent living skills;
- 117.6 (8) aftercare services;
- 117.7 (9) specialized services for sexually exploited youth and youth at risk of sexual
117.8 exploitation, including youth experiencing homelessness and youth with mental health
117.9 needs; and
- 117.10 (10) services to address the prevention of sexual exploitation and homelessness.
- 117.11 Subd. 4. **Emergency shelter program.** (a) Emergency shelter programs must provide
117.12 eligible youth with referral and walk-in access to emergency, short-term residential care.
117.13 The program shall provide eligible youth with safe, dignified shelter, including private
117.14 shower facilities, beds, and meals each day; and shall assist eligible youth with reunification
117.15 with the family or legal guardian when required or appropriate.
- 117.16 (b) The services provided at emergency shelters may include but are not limited to:
- 117.17 (1) specialized services to address the trauma of sexual exploitation;
- 117.18 (2) family reunification services;
- 117.19 (3) individual, family, and group counseling;
- 117.20 (4) assistance obtaining clothing;
- 117.21 (5) access to medical and dental care and mental health counseling;
- 117.22 (6) counseling regarding violence, sexual exploitation, substance use, sexually transmitted
117.23 infections, and pregnancy;
- 117.24 (7) education and employment services;
- 117.25 (8) recreational activities;
- 117.26 (9) advocacy and referral services;
- 117.27 (10) independent living skills training;
- 117.28 (11) aftercare and follow-up services;
- 117.29 (12) transportation; and

118.1 (13) services to address the prevention of sexual exploitation and homelessness.

118.2 Subd. 5. **Supportive housing programs.** Supportive housing programs must help eligible
 118.3 youth find and maintain safe, dignified housing and provide related supportive services and
 118.4 referrals. The program may also provide rental assistance. Services provided in supportive
 118.5 housing programs may include but are not limited to:

118.6 (1) specialized services to address the trauma of sexual exploitation;

118.7 (2) education and employment services;

118.8 (3) budgeting and money management;

118.9 (4) assistance in securing housing appropriate to needs and income;

118.10 (5) counseling regarding violence, sexual exploitation, substance use, sexually transmitted
 118.11 infections, and pregnancy;

118.12 (6) referral for medical services or chemical dependency treatment;

118.13 (7) parenting skills;

118.14 (8) self-sufficiency support services and independent living skills training;

118.15 (9) aftercare and follow-up services; and

118.16 (10) services to address the prevention of sexual exploitation and homelessness
 118.17 prevention.

118.18 Subd. 6. **Funding.** Funds appropriated for this section may be expended on programs
 118.19 described under subdivisions 3 to 5, technical assistance, and capacity building to meet the
 118.20 greatest need on a statewide basis.

118.21 Sec. 6. Laws 2021, First Special Session chapter 7, article 17, section 5, subdivision 1, is
 118.22 amended to read:

118.23 Subdivision 1. **Housing transition cost.** (a) This act includes \$682,000 in fiscal year
 118.24 2022 and \$1,637,000 in fiscal year 2023 for a onetime payment per transition of up to \$3,000
 118.25 to cover costs associated with moving to a community setting that are not covered by other
 118.26 sources. Covered costs include: (1) lease or rent deposits; (2) security deposits; (3) utilities
 118.27 setup costs, including telephone and Internet services; and (4) essential furnishings and
 118.28 supplies. The commissioner of human services shall seek an amendment to the medical
 118.29 assistance state plan to allow for these payments as a housing stabilization service under
 118.30 Minnesota Statutes, section 256B.051. The general fund base in this act for this purpose is
 118.31 \$1,227,000 in fiscal year 2024 and \$0 in fiscal year 2025.

119.1 ~~(b) This subdivision expires March 31, 2024.~~

119.2 (b) An individual is only eligible for a housing transition cost payment if the individual
 119.3 is moving from an institution or provider-controlled setting into their own home.

119.4 **EFFECTIVE DATE.** This section is effective upon federal approval.

119.5 **Sec. 7. HOUSING STABILIZATION SERVICES INFLATIONARY ADJUSTMENT.**

119.6 The commissioner of human services shall seek federal approval to apply biennial
 119.7 inflationary updates to housing stabilization services rates based on the consumer price
 119.8 index. Beginning January 1, 2024, the commissioner must update rates using the most
 119.9 recently available data from the consumer price index.

119.10 **EFFECTIVE DATE.** This section is effective January 1, 2024, or upon federal approval,
 119.11 whichever is later. The commissioner shall notify the revisor of statutes when federal
 119.12 approval is obtained.

119.13 **ARTICLE 7**

119.14 **BEHAVIORAL HEALTH**

119.15 Section 1. Minnesota Statutes 2022, section 245.4889, subdivision 1, is amended to read:

119.16 Subdivision 1. **Establishment and authority.** (a) The commissioner is authorized to
 119.17 make grants from available appropriations to assist:

119.18 (1) counties;

119.19 (2) Indian tribes;

119.20 (3) children's collaboratives under section 124D.23 or 245.493; or

119.21 (4) mental health service providers.

119.22 (b) The following services are eligible for grants under this section:

119.23 (1) services to children with emotional disturbances as defined in section 245.4871,
 119.24 subdivision 15, and their families;

119.25 (2) transition services under section 245.4875, subdivision 8, for young adults under
 119.26 age 21 and their families;

119.27 (3) respite care services for children with emotional disturbances or severe emotional
 119.28 disturbances who are at risk of out-of-home placement or already in out-of-home placement
 119.29 in family foster settings as defined in chapter 245A and at risk of change in out-of-home
 119.30 placement or placement in a residential facility or other higher level of care. Allowable

- 120.1 activities and expenses for respite care services are defined under subdivision 4. A child is
120.2 not required to have case management services to receive respite care services;
- 120.3 (4) children's mental health crisis services;
- 120.4 (5) mental health services for people from cultural and ethnic minorities, including
120.5 supervision of clinical trainees who are Black, indigenous, or people of color;
- 120.6 (6) children's mental health screening and follow-up diagnostic assessment and treatment;
- 120.7 (7) services to promote and develop the capacity of providers to use evidence-based
120.8 practices in providing children's mental health services;
- 120.9 (8) school-linked mental health services under section 245.4901;
- 120.10 (9) building evidence-based mental health intervention capacity for children birth to age
120.11 five;
- 120.12 (10) suicide prevention and counseling services that use text messaging statewide;
- 120.13 (11) mental health first aid training;
- 120.14 (12) training for parents, collaborative partners, and mental health providers on the
120.15 impact of adverse childhood experiences and trauma and development of an interactive
120.16 website to share information and strategies to promote resilience and prevent trauma;
- 120.17 (13) transition age services to develop or expand mental health treatment and supports
120.18 for adolescents and young adults 26 years of age or younger;
- 120.19 (14) early childhood mental health consultation;
- 120.20 (15) evidence-based interventions for youth at risk of developing or experiencing a first
120.21 episode of psychosis, and a public awareness campaign on the signs and symptoms of
120.22 psychosis;
- 120.23 (16) psychiatric consultation for primary care practitioners; and
- 120.24 (17) providers to begin operations and meet program requirements when establishing a
120.25 new children's mental health program. ~~These may be start-up grants, including start-up~~
120.26 grants; and.
- 120.27 (18) evidence-informed interventions for youth and young adults who are at risk of
120.28 developing a mood disorder or are experiencing an emerging mood disorder including major
120.29 depression and bipolar disorders and a public awareness campaign on the signs and symptoms
120.30 of mood disorders in youth and young adults

121.1 (c) Services under paragraph (b) must be designed to help each child to function and
 121.2 remain with the child's family in the community and delivered consistent with the child's
 121.3 treatment plan. Transition services to eligible young adults under this paragraph must be
 121.4 designed to foster independent living in the community.

121.5 (d) As a condition of receiving grant funds, a grantee shall obtain all available third-party
 121.6 reimbursement sources, if applicable.

121.7 **EFFECTIVE DATE.** This section is effective July 1, 2023.

121.8 Sec. 2. **[245.4904] EMERGING MOOD DISORDER GRANT PROGRAM.**

121.9 **Subdivision 1. Creation.** (a) The emerging mood disorder grant program is established
 121.10 in the Department of Human Services to fund:

121.11 (1) evidence-informed interventions for youth and young adults who are at risk of
 121.12 developing a mood disorder or are experiencing an emerging mood disorder, including
 121.13 major depression and bipolar disorders; and

121.14 (2) a public awareness campaign on the signs and symptoms of mood disorders in youth
 121.15 and young adults.

121.16 (b) Emerging mood disorder services are eligible for children's mental health grants as
 121.17 specified in section 245.4889, subdivision 1, paragraph (b), clause (18).

121.18 **Subd. 2. Activities.** (a) All emerging mood disorder grant program recipients must:

121.19 (1) provide intensive treatment and support to adolescents and young adults experiencing
 121.20 or at risk of experiencing an emerging mood disorder. Intensive treatment and support
 121.21 includes medication management, psychoeducation for the individual and the individual's
 121.22 family, case management, employment support, education support, cognitive behavioral
 121.23 approaches, social skills training, peer support, crisis planning, and stress management;

121.24 (2) conduct outreach and provide training and guidance to mental health and health care
 121.25 professionals, including postsecondary health clinicians, on early symptoms of mood
 121.26 disorders, screening tools, and best practices;

121.27 (3) ensure access for individuals to emerging mood disorder services under this section,
 121.28 including ensuring access for individuals who live in rural areas; and

121.29 (4) use all available funding streams.

122.1 (b) Grant money may also be used to pay for housing or travel expenses for individuals
 122.2 receiving services or to address other barriers preventing individuals and their families from
 122.3 participating in emerging mood disorder services.

122.4 (c) Grant money may be used by the grantee to evaluate the efficacy of providing
 122.5 intensive services and supports to people with emerging mood disorders.

122.6 Subd. 3. **Eligibility.** Program activities must be provided to youth and young adults with
 122.7 early signs of an emerging mood disorder.

122.8 Subd. 4. **Outcomes.** Evaluation of program activities must utilize evidence-based
 122.9 practices and must include the following outcome evaluation criteria:

122.10 (1) whether individuals experience a reduction in mood disorder symptoms; and

122.11 (2) whether individuals experience a decrease in inpatient mental health hospitalizations.

122.12 **EFFECTIVE DATE.** This section is effective July 1, 2023.

122.13 Sec. 3. Minnesota Statutes 2022, section 254B.02, subdivision 5, is amended to read:

122.14 Subd. 5. ~~Administrative adjustment~~ Local agency allocation. The commissioner may
 122.15 make payments to local agencies from money allocated under this section to support
 122.16 ~~administrative activities under sections 254B.03 and 254B.04~~ individuals with substance
 122.17 use disorders. The ~~administrative~~ payment must not exceed the lesser of: (1) five percent
 122.18 ~~of the first \$50,000, four percent of the next \$50,000, and three percent of the remaining~~
 122.19 ~~payments for services from the special revenue account according to subdivision 1; or (2)~~
 122.20 be less than 133 percent of the local agency ~~administrative~~ payment for the fiscal year ending
 122.21 June 30, 2009, adjusted in proportion to the statewide change in the appropriation for this
 122.22 chapter.

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

122.24 Sec. 4. Minnesota Statutes 2022, section 254B.05, subdivision 1, is amended to read:

122.25 Subdivision 1. **Licensure required.** (a) Programs licensed by the commissioner are
 122.26 eligible vendors. Hospitals may apply for and receive licenses to be eligible vendors,
 122.27 notwithstanding the provisions of section 245A.03. American Indian programs that provide
 122.28 substance use disorder treatment, extended care, transitional residence, or outpatient treatment
 122.29 services, and are licensed by tribal government are eligible vendors.

122.30 (b) A licensed professional in private practice as defined in section 245G.01, subdivision
 122.31 17, who meets the requirements of section 245G.11, subdivisions 1 and 4, is an eligible

123.1 vendor of a comprehensive assessment and assessment summary provided according to
123.2 section 245G.05, and treatment services provided according to sections 245G.06 and
123.3 245G.07, subdivision 1, paragraphs (a), clauses (1) to (5), and (b); and subdivision 2, clauses
123.4 (1) to (6).

123.5 (c) A county is an eligible vendor for a comprehensive assessment and assessment
123.6 summary when provided by an individual who meets the staffing credentials of section
123.7 245G.11, subdivisions 1 and 5, and completed according to the requirements of section
123.8 245G.05. A county is an eligible vendor of care coordination services when provided by an
123.9 individual who meets the staffing credentials of section 245G.11, subdivisions 1 and 7, and
123.10 provided according to the requirements of section 245G.07, subdivision 1, paragraph (a),
123.11 clause (5).

123.12 (d) A recovery community organization that meets certification requirements identified
123.13 by the commissioner is an eligible vendor of peer support services.

123.14 (e) Detoxification programs licensed under Minnesota Rules, parts 9530.6510 to
123.15 9530.6590, are not eligible vendors. Programs that are not licensed as a residential or
123.16 nonresidential substance use disorder treatment or withdrawal management program by the
123.17 commissioner or by tribal government or do not meet the requirements of subdivisions 1a
123.18 and 1b are not eligible vendors.

123.19 (f) Hospitals, federally qualified health centers and rural health clinics are eligible vendors
123.20 of a comprehensive assessment when completed according to section 245G.05 and by an
123.21 individual who meets the criteria of an alcohol and drug counselor according to section
123.22 245G.11, subdivision 5. The alcohol and drug counselor must be individually enrolled with
123.23 the commissioner and reported on the claim as the individual who provided the service.

123.24 **EFFECTIVE DATE.** This section is effective upon federal approval. The commissioner
123.25 of human services shall notify the revisor of statutes when federal approval is obtained.

123.26 Sec. 5. Minnesota Statutes 2022, section 256B.0638, subdivision 1, is amended to read:

123.27 Subdivision 1. **Program established.** The commissioner of human services, in
123.28 conjunction with the commissioner of health, shall coordinate and implement an opioid
123.29 prescribing improvement program to reduce opioid dependency and substance use by
123.30 Minnesotans due to the prescribing of opioid analgesics by health care providers and to
123.31 support patient-centered, compassionate care for Minnesotans who require treatment with
123.32 opioid analgesics.

- 124.1 Sec. 6. Minnesota Statutes 2022, section 256B.0638, subdivision 2, is amended to read:
- 124.2 Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision
- 124.3 have the meanings given them.
- 124.4 (b) "Commissioner" means the commissioner of human services.
- 124.5 (c) "Commissioners" means the commissioner of human services and the commissioner
- 124.6 of health.
- 124.7 (d) "DEA" means the United States Drug Enforcement Administration.
- 124.8 (e) "Minnesota health care program" means a public health care program administered
- 124.9 by the commissioner of human services under this chapter and chapter 256L, and the
- 124.10 Minnesota restricted recipient program.
- 124.11 (f) "Opioid ~~disenrollment~~ sanction standards" means ~~parameters~~ clinical indicators
- 124.12 defined by the Opioid Prescribing Work Group of opioid prescribing practices that fall
- 124.13 outside community standard thresholds for prescribing to such a degree that a provider ~~must~~
- 124.14 ~~be disenrolled~~ may be subject to sanctions under section 256B.064 as a ~~medical-assistance~~
- 124.15 Minnesota health care program provider.
- 124.16 (g) "Opioid prescriber" means a licensed health care provider who prescribes opioids to
- 124.17 ~~medical-assistance~~ Minnesota health care program and MinnesotaCare enrollees under the
- 124.18 fee-for-service system or under a managed care or county-based purchasing plan.
- 124.19 (h) "Opioid quality improvement standard thresholds" means parameters of opioid
- 124.20 prescribing practices that fall outside community standards for prescribing to such a degree
- 124.21 that quality improvement is required.
- 124.22 (i) "Program" means the statewide opioid prescribing improvement program established
- 124.23 under this section.
- 124.24 (j) "Provider group" means a clinic, hospital, or primary or specialty practice group that
- 124.25 employs, contracts with, or is affiliated with an opioid prescriber. Provider group does not
- 124.26 include a professional association supported by dues-paying members.
- 124.27 (k) "Sentinel measures" means measures of opioid use that identify variations in
- 124.28 prescribing practices during the prescribing intervals.

125.1 Sec. 7. Minnesota Statutes 2022, section 256B.0638, subdivision 4, is amended to read:

125.2 Subd. 4. **Program components.** (a) The working group shall recommend to the
125.3 commissioners the components of the statewide opioid prescribing improvement program,
125.4 including, but not limited to, the following:

125.5 (1) developing criteria for opioid prescribing protocols, including:

125.6 (i) prescribing for the interval of up to four days immediately after an acute painful
125.7 event;

125.8 (ii) prescribing for the interval of up to 45 days after an acute painful event; and

125.9 (iii) prescribing for chronic pain, which for purposes of this program means pain lasting
125.10 longer than 45 days after an acute painful event;

125.11 (2) developing sentinel measures;

125.12 (3) developing educational resources for opioid prescribers about communicating with
125.13 patients about pain management and the use of opioids to treat pain;

125.14 (4) developing opioid quality improvement standard thresholds and opioid disenrollment
125.15 standards for opioid prescribers and provider groups. ~~In developing opioid disenrollment
125.16 standards, the standards may be described in terms of the length of time in which prescribing
125.17 practices fall outside community standards and the nature and amount of opioid prescribing
125.18 that fall outside community standards;~~ and

125.19 (5) addressing other program issues as determined by the commissioners.

125.20 (b) The opioid prescribing protocols shall not apply to opioids prescribed for patients
125.21 who are experiencing pain caused by a malignant condition or who are receiving hospice
125.22 care or palliative care, or to opioids prescribed for substance use disorder treatment with
125.23 medications for opioid use disorder.

125.24 (c) All opioid prescribers who prescribe opioids to Minnesota health care program
125.25 enrollees must participate in the program in accordance with subdivision 5. Any other
125.26 prescriber who prescribes opioids may comply with the components of this program described
125.27 in paragraph (a) on a voluntary basis.

125.28 Sec. 8. Minnesota Statutes 2022, section 256B.0638, subdivision 5, is amended to read:

125.29 Subd. 5. **Program implementation.** (a) The commissioner shall implement the programs
125.30 ~~within the Minnesota health care~~ quality improvement program to improve the health of
125.31 and quality of care provided to Minnesota health care program enrollees. The program must

126.1 be designed to support patient-centered care consistent with community standards of care.
126.2 The program must discourage unsafe tapering practices and patient abandonment by
126.3 providers. The commissioner shall annually collect and report to provider groups the sentinel
126.4 measures of data showing individual opioid prescribers' opioid prescribing patterns compared
126.5 to their anonymized peers. Provider groups shall distribute data to their affiliated, contracted,
126.6 or employed opioid prescribers.

126.7 (b) The commissioner shall notify an opioid prescriber and all provider groups with
126.8 which the opioid prescriber is employed or affiliated when the opioid prescriber's prescribing
126.9 pattern exceeds the opioid quality improvement standard thresholds. An opioid prescriber
126.10 and any provider group that receives a notice under this paragraph shall submit to the
126.11 commissioner a quality improvement plan for review and approval by the commissioner
126.12 with the goal of bringing the opioid prescriber's prescribing practices into alignment with
126.13 community standards. A quality improvement plan must include:

126.14 (1) components of the program described in subdivision 4, paragraph (a);

126.15 (2) internal practice-based measures to review the prescribing practice of the opioid
126.16 prescriber and, where appropriate, any other opioid prescribers employed by or affiliated
126.17 with any of the provider groups with which the opioid prescriber is employed or affiliated;
126.18 and

126.19 (3) ~~appropriate use of the prescription monitoring program under section 152.126~~
126.20 demonstration of patient-centered care consistent with community standards of care.

126.21 (c) If, after a year from the commissioner's notice under paragraph (b), the opioid
126.22 prescriber's prescribing practices for treatment of acute or postacute pain do not improve
126.23 so that they are consistent with community standards, the commissioner ~~shall~~ may take one
126.24 or more of the following steps:

126.25 (1) require the prescriber, the provider group, or both, to monitor prescribing practices
126.26 more frequently than annually;

126.27 (2) monitor more aspects of the opioid prescriber's prescribing practices than the sentinel
126.28 measures; or

126.29 (3) require the opioid prescriber to participate in additional quality improvement efforts;
126.30 ~~including but not limited to mandatory use of the prescription monitoring program established~~
126.31 ~~under section 152.126.~~

126.32 (d) Prescribers treating patients who are on chronic, high doses of opioids must meet
126.33 community standards of care, including performing regular assessments and addressing

127.1 unwarranted risks of opioid prescribing, but are not required to show measurable changes
 127.2 in chronic pain prescribing thresholds within a certain period.

127.3 (e) The commissioner shall dismiss a prescriber from participating in the opioid
 127.4 prescribing quality improvement program when the prescriber demonstrates that the
 127.5 prescriber's practices are patient-centered and reflect community standards for safe and
 127.6 compassionate treatment of patients experiencing pain.

127.7 ~~(d)~~ (f) The commissioner shall terminate from Minnesota health care programs may
 127.8 investigate for possible sanctions under section 256B.064 all opioid prescribers and provider
 127.9 groups whose prescribing practices fall within the applicable opioid disenrollment sanction
 127.10 standards.

127.11 (e) No physician, advanced practice registered nurse, or physician assistant, acting in
 127.12 good faith based on the needs of the patient, may be disenrolled by the commissioner of
 127.13 human services solely for prescribing a dosage that equates to an upward deviation from
 127.14 morphine milligram equivalent dosage recommendations specified in state or federal opioid
 127.15 prescribing guidelines or policies, or quality improvement thresholds established under this
 127.16 section.

127.17 Sec. 9. Minnesota Statutes 2022, section 256B.0638, is amended by adding a subdivision
 127.18 to read:

127.19 Subd. 8. **Sanction standards.** (a) Providers enrolled in medical assistance under section
 127.20 256B.04, subdivision 21, providing services to persons enrolled in medical assistance or
 127.21 MinnesotaCare may be subject to sanctions under section 256B.064 for the following
 127.22 practices:

127.23 (1) discontinuing, either abruptly or in the form of a rapid taper, chronic opioid analgesic
 127.24 therapy from daily doses greater or equal to 50 morphine milligram equivalents a day without
 127.25 providing patient support. Discontinuing without providing patient support includes failing
 127.26 to:

127.27 (i) document and communicate to the patient a clinical rationale for the opioid
 127.28 discontinuation and for the taper plan or speed;

127.29 (ii) ascertain pregnancy status in women of childbearing age prior to beginning the
 127.30 discontinuation;

127.31 (iii) provide adequate follow-up care to the patient during the opioid discontinuation;

127.32 (iv) document a safety and pain management plan prior to or during the discontinuation;

128.1 (v) respond promptly and appropriately to patient-expressed psychological distress,
128.2 including but not limited to suicidal ideation;

128.3 (vi) assess the patient for active, moderate to severe substance use disorder, including
128.4 but not limited to opioid use disorder, and refer or treat the patient as appropriate; or

128.5 (vii) document and address patient harm when it arises. This includes but is not limited
128.6 to known harms reported by the patient, harms evident in a clinical evaluation, or harms
128.7 that should have been known through adequate chart review;

128.8 (2) continuing chronic opioid analgesic therapy without a safety plan when specific red
128.9 flags for opioid use disorder are present. Failure to develop a safety plan includes but is not
128.10 limited to failing to:

128.11 (i) document and address risks related to the condition or patterns of behavior and the
128.12 potential health consequences that an undiagnosed or untreated opioid use disorder poses
128.13 to the patient;

128.14 (ii) pursue a diagnosis when an opioid use disorder is suspected;

128.15 (iii) include a clear explanation of the safety plan in the patient's health record and
128.16 evidence that the plan was communicated to the patient; and

128.17 (iv) document the clinical rationale for continuing therapy despite the presence of red
128.18 flags. Red flags for opioid use disorder that require provider response under this section
128.19 include:

128.20 (A) a history of overdose known to the prescriber or evident from the patient's medical
128.21 record in the past 12 months;

128.22 (B) a history of an episode of opioid withdrawal that is not otherwise explained and is
128.23 known to the prescriber or evident from the patient's medical record in the past 12 months;

128.24 (C) a known history of opioid use disorder. If the opioid use disorder is moderate to
128.25 severe and the diagnosis was made within the past 12 months, a higher degree of
128.26 consideration must be included in the safety plan;

128.27 (D) a history of opioid use resulting in neglect of other aspects of the patient's health
128.28 that may result in serious harm known to the prescriber or evident from the patient's medical
128.29 record in the past 12 months;

128.30 (E) an active alcohol use disorder. If the alcohol use disorder is moderate to severe, a
128.31 higher degree of consideration must be included in the safety plan;

129.1 (F) a close personal contact of the patient expressing credible concern about the practice
129.2 of use or safety of the patient indicating imminent harm to the patient or an opioid use
129.3 disorder diagnosis;

129.4 (G) a pattern of deceptive actions by the patient to obtain opioid prescriptions. Deceptive
129.5 actions may include but are not limited to forging prescriptions, tampering with prescriptions,
129.6 and falsely reporting to medical staff with the intent of obtaining or protecting an opioid
129.7 supply;

129.8 (H) a pattern of behavior by the patient that is indicative of loss of control or continued
129.9 opioid use despite harm. Behaviors indicating a loss of control or continued use include but
129.10 are not limited to a pattern of recurrent lost prescriptions, patient requests to increase dosage
129.11 that are not supported by clinical reasoning, and a pattern of early refill requests without a
129.12 change in clinical condition;

129.13 (3) prescribing greater than 400 morphine milligram equivalents per day without
129.14 assessment of the risk for opioid-induced respiratory depression, without responding to
129.15 evidence of opioid-related harm, and without mitigating the risk of opioid-induced respiratory
129.16 depression. Failure to address risk of opioid-related harm includes but is not limited to
129.17 failure to:

129.18 (i) assess and document the diagnosis or diagnoses to be managed with chronic opioid
129.19 analgesic therapy;

129.20 (ii) assess and document comorbid health conditions that may impact the safety of opioid
129.21 therapy;

129.22 (iii) screen and document a patient-specific, opioid-related risk benefit analysis;

129.23 (iv) respond to evidence of harm within the patient's medical record. Evidence of harm
129.24 includes but is not limited to opioid-related falls, nonfatal overdoses, and appearing sedated
129.25 or with respiratory compromise at clinical visits;

129.26 (v) document clinical decision making if dosage is increased;

129.27 (vi) document discussion of an opioid taper with the patient on at least an annual basis;
129.28 and

129.29 (vii) evaluate the patient in person at least every three months or failing to assess for
129.30 diversion;

129.31 (4) continuing chronic opioid analgesic therapy at the same dosage without a safety plan
129.32 when risk factors for serious opioid-induced respiratory depression are present. Failing to

130.1 develop a safety plan includes failing to document the risk factor as a risk of opioid-induced
 130.2 respiratory depression in the patient's health record and failing to document a clear safety
 130.3 plan in the patient's health record that addresses actions to reduce the risk for serious
 130.4 opioid-induced respiratory depression. Risk factors for serious opioid-induced respiratory
 130.5 depression include but are not limited to:

130.6 (i) an active or symptomatic and untreated substance use disorder;

130.7 (ii) a serious mental health condition, including symptomatic, untreated mania;
 130.8 symptomatic, untreated psychosis; and symptomatic, untreated suicidality;

130.9 (iii) an emergency department visit with a life-threatening opioid complication in the
 130.10 last 12 months;

130.11 (iv) a pattern of inconsistent urine toxicology results, excluding the presence of
 130.12 cannabinoids; however, addressing an inconsistent urine toxicology result must not result
 130.13 in the overall worsening clinical status of the patient;

130.14 (v) the concurrent prescribing of long-term benzodiazepine therapy to an individual on
 130.15 chronic opioid analgesic therapy;

130.16 (vi) a pulmonary disease with respiratory failure or hypoventilation; and

130.17 (vii) a failure to select and dose opioids safely for patients with known renal insufficiency;

130.18 and

130.19 (5) failing to participate in the Opioid Prescribing Improvement program for two
 130.20 consecutive years.

130.21 Sec. 10. Minnesota Statutes 2022, section 256B.064, subdivision 1a, is amended to read:

130.22 Subd. 1a. **Grounds for sanctions against vendors.** (a) The commissioner may impose
 130.23 sanctions against a vendor of medical care for any of the following: (1) fraud, theft, or abuse
 130.24 in connection with the provision of medical care to recipients of public assistance; (2) a
 130.25 pattern of presentment of false or duplicate claims or claims for services not medically
 130.26 necessary; (3) a pattern of making false statements of material facts for the purpose of
 130.27 obtaining greater compensation than that to which the vendor is legally entitled; (4)
 130.28 suspension or termination as a Medicare vendor; (5) refusal to grant the state agency access
 130.29 during regular business hours to examine all records necessary to disclose the extent of
 130.30 services provided to program recipients and appropriateness of claims for payment; (6)
 130.31 failure to repay an overpayment or a fine finally established under this section; (7) failure
 130.32 to correct errors in the maintenance of health service or financial records for which a fine

131.1 was imposed or after issuance of a warning by the commissioner; and (8) any reason for
131.2 which a vendor could be excluded from participation in the Medicare program under section
131.3 1128, 1128A, or 1866(b)(2) of the Social Security Act.

131.4 (b) The commissioner may impose sanctions against a pharmacy provider for failure to
131.5 respond to a cost of dispensing survey under section 256B.0625, subdivision 13e, paragraph
131.6 (h).

131.7 (c) The commissioner may impose sanctions against a vendor for violations of the
131.8 sanction standards defined by the Opioid Prescribing Work Group for opioid prescribing
131.9 practices that fall outside community standard thresholds for prescribing.

131.10 **EFFECTIVE DATE.** This section is effective July 1, 2023.

131.11 Sec. 11. Minnesota Statutes 2022, section 256B.0941, is amended by adding a subdivision
131.12 to read:

131.13 **Subd. 5. Start-up and capacity-building grants.** (a) Start-up grants to prospective
131.14 psychiatric residential treatment facility sites may be used for:

131.15 (1) administrative expenses;

131.16 (2) consulting services;

131.17 (3) Health Insurance Portability and Accountability Act of 1996 compliance;

131.18 (4) therapeutic resources including evidence-based, culturally appropriate curriculums
131.19 and training programs for staff and clients;

131.20 (5) allowable physical renovations to the property; and

131.21 (6) emergency workforce shortage uses, as determined by the commissioner.

131.22 (b) Start-up and capacity-building grants to prospective and current psychiatric residential
131.23 treatment facilities may be used to support providers who treat and accept individuals with
131.24 complex support needs, including but not limited to:

131.25 (1) neurocognitive disorders;

131.26 (2) co-occurring intellectual developmental disabilities;

131.27 (3) schizophrenia spectrum disorders;

131.28 (4) manifested or labeled aggressive behaviors; and

131.29 (5) manifested sexually inappropriate behaviors.

131.30 **EFFECTIVE DATE.** This section is effective July 1, 2023.

132.1 **Sec. 12. MOBILE RESPONSE AND STABILIZATION SERVICES PILOT.**

132.2 The commissioner shall establish a pilot to promote access to crisis response services
 132.3 and reduce psychiatric hospitalizations and out-of-home placement services for children,
 132.4 youth, and families. The pilot will incorporate a two-pronged approach to provide an
 132.5 immediate, in-person response within 60 minutes of crisis as well as extended, longer-term
 132.6 supports for the family unit. The pilot must aim to help families respond to children's
 132.7 behavioral health crisis while bolstering resiliency and recovery within the family unit. The
 132.8 commissioner must consult with a qualified expert entity to assist in the formulation of
 132.9 measurable outcomes and explore and position the state to submit a Medicaid state plan
 132.10 amendment to scale the model statewide.

132.11 **EFFECTIVE DATE.** This section is effective July 1, 2023.

132.12 **Sec. 13. LOCAL AGENCY SUBSTANCE USE DISORDER ALLOCATION.**

132.13 The commissioner of human services shall evaluate the ongoing need for local agency
 132.14 substance use disorder allocations under section 254B.02. The evaluation must include
 132.15 recommendations on whether local agency allocations should continue, and if so, the
 132.16 evaluation must recommend what the purpose of the allocations should be and propose an
 132.17 updated allocation methodology that aligns with the purpose and person-centered outcomes
 132.18 for people experiencing substance use disorders and behavioral health conditions. The
 132.19 commissioner may contract with a vendor to support this evaluation through research and
 132.20 actuarial analysis.

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

132.22 **ARTICLE 8**

132.23 **HEALTH CARE**

132.24 Section 1. Minnesota Statutes 2022, section 62A.045, is amended to read:

132.25 **62A.045 PAYMENTS ON BEHALF OF ENROLLEES IN GOVERNMENT**
 132.26 **HEALTH PROGRAMS.**

132.27 (a) As a condition of doing business in Minnesota or providing coverage to residents of
 132.28 Minnesota covered by this section, each health insurer shall comply with the requirements
 132.29 ~~of for health insurers under~~ the federal Deficit Reduction Act of 2005, Public Law 109-171
 132.30 and the federal Consolidated Appropriations Act of 2022, Public Law 117-103, including
 132.31 any federal regulations adopted under that act those acts, to the extent that it imposes they
 132.32 impose a requirement that applies in this state and that is not also required by the laws of

133.1 this state. This section does not require compliance with any provision of the federal ~~act~~
133.2 acts prior to the effective ~~date~~ dates provided for ~~that provision~~ those provisions in the
133.3 federal ~~act~~ acts. The commissioner shall enforce this section.

133.4 For the purpose of this section, "health insurer" includes self-insured plans, group health
133.5 plans (as defined in section 607(1) of the Employee Retirement Income Security Act of
133.6 1974), service benefit plans, managed care organizations, pharmacy benefit managers, or
133.7 other parties that are by contract legally responsible to pay a claim for a health-care item
133.8 or service for an individual receiving benefits under paragraph (b).

133.9 (b) No plan offered by a health insurer issued or renewed to provide coverage to a
133.10 Minnesota resident shall contain any provision denying or reducing benefits because services
133.11 are rendered to a person who is eligible for or receiving medical benefits pursuant to title
133.12 XIX of the Social Security Act (Medicaid) in this or any other state; chapter 256 or 256B;
133.13 or services pursuant to section 252.27; 256L.01 to 256L.10; 260B.331, subdivision 2;
133.14 260C.331, subdivision 2; or 393.07, subdivision 1 or 2. No health insurer providing benefits
133.15 under plans covered by this section shall use eligibility for medical programs named in this
133.16 section as an underwriting guideline or reason for nonacceptance of the risk.

133.17 (c) If payment for covered expenses has been made under state medical programs for
133.18 health care items or services provided to an individual, and a third party has a legal liability
133.19 to make payments, the rights of payment and appeal of an adverse coverage decision for
133.20 the individual, or in the case of a child their responsible relative or caretaker, will be
133.21 subrogated to the state agency. The state agency may assert its rights under this section
133.22 within three years of the date the service was rendered. For purposes of this section, "state
133.23 agency" includes prepaid health plans under contract with the commissioner according to
133.24 sections 256B.69 and 256L.12; children's mental health collaboratives under section 245.493;
133.25 demonstration projects for persons with disabilities under section 256B.77; nursing homes
133.26 under the alternative payment demonstration project under section 256B.434; and
133.27 county-based purchasing entities under section 256B.692.

133.28 (d) Notwithstanding any law to the contrary, when a person covered by a plan offered
133.29 by a health insurer receives medical benefits according to any statute listed in this section,
133.30 payment for covered services or notice of denial for services billed by the provider must be
133.31 issued directly to the provider. If a person was receiving medical benefits through the
133.32 Department of Human Services at the time a service was provided, the provider must indicate
133.33 this benefit coverage on any claim forms submitted by the provider to the health insurer for
133.34 those services. If the commissioner of human services notifies the health insurer that the
133.35 commissioner has made payments to the provider, payment for benefits or notices of denials

134.1 issued by the health insurer must be issued directly to the commissioner. Submission by the
134.2 department to the health insurer of the claim on a Department of Human Services claim
134.3 form is proper notice and shall be considered proof of payment of the claim to the provider
134.4 and supersedes any contract requirements of the health insurer relating to the form of
134.5 submission. Liability to the insured for coverage is satisfied to the extent that payments for
134.6 those benefits are made by the health insurer to the provider or the commissioner as required
134.7 by this section.

134.8 (e) When a state agency has acquired the rights of an individual eligible for medical
134.9 programs named in this section and has health benefits coverage through a health insurer,
134.10 the health insurer shall not impose requirements that are different from requirements
134.11 applicable to an agent or assignee of any other individual covered.

134.12 (f) A health insurer must process a clean claim made by a state agency for covered
134.13 expenses paid under state medical programs within 90 business days of the claim's
134.14 submission. A health insurer must process all other claims made by a state agency for
134.15 covered expenses paid under a state medical program within the timeline set forth in Code
134.16 of Federal Regulations, title 42, section 447.45(d)(4).

134.17 (g) A health insurer may request a refund of a claim paid in error to the Department of
134.18 Human Services within two years of the date the payment was made to the department. A
134.19 request for a refund shall not be honored by the department if the health insurer makes the
134.20 request after the time period has lapsed.

134.21 Sec. 2. Minnesota Statutes 2022, section 62A.673, subdivision 2, is amended to read:

134.22 Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision
134.23 have the meanings given.

134.24 (b) "Distant site" means a site at which a health care provider is located while providing
134.25 health care services or consultations by means of telehealth.

134.26 (c) "Health care provider" means a health care professional who is licensed or registered
134.27 by the state to perform health care services within the provider's scope of practice and in
134.28 accordance with state law. A health care provider includes a mental health professional
134.29 under section 245I.04, subdivision 2; a mental health practitioner under section 245I.04,
134.30 subdivision 4; a clinical trainee under section 245I.04, subdivision 6; a treatment coordinator
134.31 under section 245G.11, subdivision 7; an alcohol and drug counselor under section 245G.11,
134.32 subdivision 5; and a recovery peer under section 245G.11, subdivision 8.

134.33 (d) "Health carrier" has the meaning given in section 62A.011, subdivision 2.

135.1 (e) "Health plan" has the meaning given in section 62A.011, subdivision 3. Health plan
135.2 includes dental plans as defined in section 62Q.76, subdivision 3, but does not include dental
135.3 plans that provide indemnity-based benefits, regardless of expenses incurred, and are designed
135.4 to pay benefits directly to the policy holder.

135.5 (f) "Originating site" means a site at which a patient is located at the time health care
135.6 services are provided to the patient by means of telehealth. For purposes of store-and-forward
135.7 technology, the originating site also means the location at which a health care provider
135.8 transfers or transmits information to the distant site.

135.9 (g) "Store-and-forward technology" means the asynchronous electronic transfer or
135.10 transmission of a patient's medical information or data from an originating site to a distant
135.11 site for the purposes of diagnostic and therapeutic assistance in the care of a patient.

135.12 (h) "Telehealth" means the delivery of health care services or consultations through the
135.13 use of real time two-way interactive audio and visual communications to provide or support
135.14 health care delivery and facilitate the assessment, diagnosis, consultation, treatment,
135.15 education, and care management of a patient's health care. Telehealth includes the application
135.16 of secure video conferencing, store-and-forward technology, and synchronous interactions
135.17 between a patient located at an originating site and a health care provider located at a distant
135.18 site. Until July 1, ~~2023~~ 2025, telehealth also includes audio-only communication between
135.19 a health care provider and a patient in accordance with subdivision 6, paragraph (b).
135.20 Telehealth does not include communication between health care providers that consists
135.21 solely of a telephone conversation, email, or facsimile transmission. Telehealth does not
135.22 include communication between a health care provider and a patient that consists solely of
135.23 an email or facsimile transmission. Telehealth does not include telemonitoring services as
135.24 defined in paragraph (i).

135.25 (i) "Telemonitoring services" means the remote monitoring of clinical data related to
135.26 the enrollee's vital signs or biometric data by a monitoring device or equipment that transmits
135.27 the data electronically to a health care provider for analysis. Telemonitoring is intended to
135.28 collect an enrollee's health-related data for the purpose of assisting a health care provider
135.29 in assessing and monitoring the enrollee's medical condition or status.

135.30 Sec. 3. Minnesota Statutes 2022, section 256.0471, subdivision 1, is amended to read:

135.31 Subdivision 1. **Qualifying overpayment.** Any overpayment for assistance granted under
135.32 chapter 119B, the MFIP program formerly codified under sections 256.031 to 256.0361,
135.33 and the AFDC program formerly codified under sections 256.72 to 256.871; section 256.045,
135.34 subdivision 10; chapters 256B for state-funded medical assistance, 256D, 256I, 256J, 256K,

136.1 and 256L for state-funded MinnesotaCare; and the Supplemental Nutrition Assistance
136.2 Program (SNAP), except agency error claims, become a judgment by operation of law 90
136.3 days after the notice of overpayment is personally served upon the recipient in a manner
136.4 that is sufficient under rule 4.03(a) of the Rules of Civil Procedure for district courts, or by
136.5 certified mail, return receipt requested. This judgment shall be entitled to full faith and credit
136.6 in this and any other state.

136.7 **EFFECTIVE DATE.** This section is effective July 1, 2023.

136.8 Sec. 4. Minnesota Statutes 2022, section 256.969, subdivision 2b, is amended to read:

136.9 Subd. 2b. **Hospital payment rates.** (a) For discharges occurring on or after November
136.10 1, 2014, hospital inpatient services for hospitals located in Minnesota shall be paid according
136.11 to the following:

136.12 (1) critical access hospitals as defined by Medicare shall be paid using a cost-based
136.13 methodology;

136.14 (2) long-term hospitals as defined by Medicare shall be paid on a per diem methodology
136.15 under subdivision 25;

136.16 (3) rehabilitation hospitals or units of hospitals that are recognized as rehabilitation
136.17 distinct parts as defined by Medicare shall be paid according to the methodology under
136.18 subdivision 12; and

136.19 (4) all other hospitals shall be paid on a diagnosis-related group (DRG) methodology.

136.20 (b) For the period beginning January 1, 2011, through October 31, 2014, rates shall not
136.21 be rebased, except that a Minnesota long-term hospital shall be rebased effective January
136.22 1, 2011, based on its most recent Medicare cost report ending on or before September 1,
136.23 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on
136.24 December 31, 2010. For rate setting periods after November 1, 2014, in which the base
136.25 years are updated, a Minnesota long-term hospital's base year shall remain within the same
136.26 period as other hospitals.

136.27 (c) Effective for discharges occurring on and after November 1, 2014, payment rates
136.28 for hospital inpatient services provided by hospitals located in Minnesota or the local trade
136.29 area, except for the hospitals paid under the methodologies described in paragraph (a),
136.30 clauses (2) and (3), shall be rebased, incorporating cost and payment methodologies in a
136.31 manner similar to Medicare. The base year or years for the rates effective November 1,
136.32 2014, shall be calendar year 2012. The rebasing under this paragraph shall be budget neutral,
136.33 ensuring that the total aggregate payments under the rebased system are equal to the total

137.1 aggregate payments that were made for the same number and types of services in the base
137.2 year. Separate budget neutrality calculations shall be determined for payments made to
137.3 critical access hospitals and payments made to hospitals paid under the DRG system. Only
137.4 the rate increases or decreases under subdivision 3a or 3c that applied to the hospitals being
137.5 rebased during the entire base period shall be incorporated into the budget neutrality
137.6 calculation.

137.7 (d) For discharges occurring on or after November 1, 2014, through the next rebasing
137.8 that occurs, the rebased rates under paragraph (c) that apply to hospitals under paragraph
137.9 (a), clause (4), shall include adjustments to the projected rates that result in no greater than
137.10 a five percent increase or decrease from the base year payments for any hospital. Any
137.11 adjustments to the rates made by the commissioner under this paragraph and paragraph (e)
137.12 shall maintain budget neutrality as described in paragraph (c).

137.13 (e) For discharges occurring on or after November 1, 2014, the commissioner may make
137.14 additional adjustments to the rebased rates, and when evaluating whether additional
137.15 adjustments should be made, the commissioner shall consider the impact of the rates on the
137.16 following:

137.17 (1) pediatric services;

137.18 (2) behavioral health services;

137.19 (3) trauma services as defined by the National Uniform Billing Committee;

137.20 (4) transplant services;

137.21 (5) obstetric services, newborn services, and behavioral health services provided by
137.22 hospitals outside the seven-county metropolitan area;

137.23 (6) outlier admissions;

137.24 (7) low-volume providers; and

137.25 (8) services provided by small rural hospitals that are not critical access hospitals.

137.26 (f) Hospital payment rates established under paragraph (c) must incorporate the following:

137.27 (1) for hospitals paid under the DRG methodology, the base year payment rate per
137.28 admission is standardized by the applicable Medicare wage index and adjusted by the
137.29 hospital's disproportionate population adjustment;

137.30 (2) for critical access hospitals, payment rates for discharges between November 1, 2014,
137.31 and June 30, 2015, shall be set to the same rate of payment that applied for discharges on
137.32 October 31, 2014;

138.1 (3) the cost and charge data used to establish hospital payment rates must only reflect
138.2 inpatient services covered by medical assistance; and

138.3 (4) in determining hospital payment rates for discharges occurring on or after the rate
138.4 year beginning January 1, 2011, through December 31, 2012, the hospital payment rate per
138.5 discharge shall be based on the cost-finding methods and allowable costs of the Medicare
138.6 program in effect during the base year or years. In determining hospital payment rates for
138.7 discharges in subsequent base years, the per discharge rates shall be based on the cost-finding
138.8 methods and allowable costs of the Medicare program in effect during the base year or
138.9 years.

138.10 (g) The commissioner shall validate the rates effective November 1, 2014, by applying
138.11 the rates established under paragraph (c), and any adjustments made to the rates under
138.12 paragraph (d) or (e), to hospital claims paid in calendar year 2013 to determine whether the
138.13 total aggregate payments for the same number and types of services under the rebased rates
138.14 are equal to the total aggregate payments made during calendar year 2013.

138.15 (h) Effective for discharges occurring on or after July 1, 2017, and every two years
138.16 thereafter, payment rates under this section shall be rebased to reflect only those changes
138.17 in hospital costs between the existing base year or years and the next base year or years. In
138.18 any year that inpatient claims volume falls below the threshold required to ensure a
138.19 statistically valid sample of claims, the commissioner may combine claims data from two
138.20 consecutive years to serve as the base year. Years in which inpatient claims volume is
138.21 reduced or altered due to a pandemic or other public health emergency shall not be used as
138.22 a base year or part of a base year if the base year includes more than one year. Changes in
138.23 costs between base years shall be measured using the lower of the hospital cost index defined
138.24 in subdivision 1, paragraph (a), or the percentage change in the case mix adjusted cost per
138.25 claim. The commissioner shall establish the base year for each rebasing period considering
138.26 the most recent year or years for which filed Medicare cost reports are available, except
138.27 that the base years for the rebasing effective July 1, 2023, are calendar years 2018 and 2019.
138.28 The estimated change in the average payment per hospital discharge resulting from a
138.29 scheduled rebasing must be calculated and made available to the legislature by January 15
138.30 of each year in which rebasing is scheduled to occur, and must include by hospital the
138.31 differential in payment rates compared to the individual hospital's costs.

138.32 (i) Effective for discharges occurring on or after July 1, 2015, inpatient payment rates
138.33 for critical access hospitals located in Minnesota or the local trade area shall be determined
138.34 using a new cost-based methodology. The commissioner shall establish within the
138.35 methodology tiers of payment designed to promote efficiency and cost-effectiveness.

139.1 Payment rates for hospitals under this paragraph shall be set at a level that does not exceed
139.2 the total cost for critical access hospitals as reflected in base year cost reports. Until the
139.3 next rebasing that occurs, the new methodology shall result in no greater than a five percent
139.4 decrease from the base year payments for any hospital, except a hospital that had payments
139.5 that were greater than 100 percent of the hospital's costs in the base year shall have their
139.6 rate set equal to 100 percent of costs in the base year. The rates paid for discharges on and
139.7 after July 1, 2016, covered under this paragraph shall be increased by the inflation factor
139.8 in subdivision 1, paragraph (a). The new cost-based rate shall be the final rate and shall not
139.9 be settled to actual incurred costs. Hospitals shall be assigned a payment tier based on the
139.10 following criteria:

139.11 (1) hospitals that had payments at or below 80 percent of their costs in the base year
139.12 shall have a rate set that equals 85 percent of their base year costs;

139.13 (2) hospitals that had payments that were above 80 percent, up to and including 90
139.14 percent of their costs in the base year shall have a rate set that equals 95 percent of their
139.15 base year costs; and

139.16 (3) hospitals that had payments that were above 90 percent of their costs in the base year
139.17 shall have a rate set that equals 100 percent of their base year costs.

139.18 (j) The commissioner may refine the payment tiers and criteria for critical access hospitals
139.19 to coincide with the next rebasing under paragraph (h). The factors used to develop the new
139.20 methodology may include, but are not limited to:

139.21 (1) the ratio between the hospital's costs for treating medical assistance patients and the
139.22 hospital's charges to the medical assistance program;

139.23 (2) the ratio between the hospital's costs for treating medical assistance patients and the
139.24 hospital's payments received from the medical assistance program for the care of medical
139.25 assistance patients;

139.26 (3) the ratio between the hospital's charges to the medical assistance program and the
139.27 hospital's payments received from the medical assistance program for the care of medical
139.28 assistance patients;

139.29 (4) the statewide average increases in the ratios identified in clauses (1), (2), and (3);

139.30 (5) the proportion of that hospital's costs that are administrative and trends in
139.31 administrative costs; and

139.32 (6) geographic location.

140.1 **EFFECTIVE DATE.** This section is effective July 1, 2023.

140.2 Sec. 5. Minnesota Statutes 2022, section 256.969, subdivision 9, is amended to read:

140.3 Subd. 9. **Disproportionate numbers of low-income patients served.** (a) For admissions
140.4 occurring on or after July 1, 1993, the medical assistance disproportionate population
140.5 adjustment shall comply with federal law and shall be paid to a hospital, excluding regional
140.6 treatment centers and facilities of the federal Indian Health Service, with a medical assistance
140.7 inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined
140.8 as follows:

140.9 (1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic
140.10 mean for all hospitals excluding regional treatment centers and facilities of the federal Indian
140.11 Health Service but less than or equal to one standard deviation above the mean, the
140.12 adjustment must be determined by multiplying the total of the operating and property
140.13 payment rates by the difference between the hospital's actual medical assistance inpatient
140.14 utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers
140.15 and facilities of the federal Indian Health Service; and

140.16 (2) for a hospital with a medical assistance inpatient utilization rate above one standard
140.17 deviation above the mean, the adjustment must be determined by multiplying the adjustment
140.18 that would be determined under clause (1) for that hospital by 1.1. The commissioner shall
140.19 report annually on the number of hospitals likely to receive the adjustment authorized by
140.20 this paragraph. The commissioner shall specifically report on the adjustments received by
140.21 public hospitals and public hospital corporations located in cities of the first class.

140.22 (b) Certified public expenditures made by Hennepin County Medical Center shall be
140.23 considered Medicaid disproportionate share hospital payments. Hennepin County and
140.24 Hennepin County Medical Center shall report by June 15, 2007, on payments made beginning
140.25 July 1, 2005, or another date specified by the commissioner, that may qualify for
140.26 reimbursement under federal law. Based on these reports, the commissioner shall apply for
140.27 federal matching funds.

140.28 (c) Upon federal approval of the related state plan amendment, paragraph (b) is effective
140.29 retroactively from July 1, 2005, or the earliest effective date approved by the Centers for
140.30 Medicare and Medicaid Services.

140.31 (d) Effective July 1, 2015, disproportionate share hospital (DSH) payments shall be paid
140.32 in accordance with a new methodology using 2012 as the base year. Annual payments made
140.33 under this paragraph shall equal the total amount of payments made for 2012. A licensed

141.1 children's hospital shall receive only a single DSH factor for children's hospitals. Other
141.2 DSH factors may be combined to arrive at a single factor for each hospital that is eligible
141.3 for DSH payments. The new methodology shall make payments only to hospitals located
141.4 in Minnesota and include the following factors:

141.5 (1) a licensed children's hospital with at least 1,000 fee-for-service discharges in the
141.6 base year shall receive a factor of 0.868. A licensed children's hospital with less than 1,000
141.7 fee-for-service discharges in the base year shall receive a factor of 0.7880;

141.8 (2) a hospital that has in effect for the initial rate year a contract with the commissioner
141.9 to provide extended psychiatric inpatient services under section 256.9693 shall receive a
141.10 factor of 0.0160;

141.11 (3) a hospital that has received medical assistance payment for at least 20 transplant
141.12 services in the base year shall receive a factor of 0.0435;

141.13 (4) a hospital that has a medical assistance utilization rate in the base year between 20
141.14 percent up to one standard deviation above the statewide mean utilization rate shall receive
141.15 a factor of 0.0468;

141.16 (5) a hospital that has a medical assistance utilization rate in the base year that is at least
141.17 one standard deviation above the statewide mean utilization rate but is less than two and
141.18 one-half standard deviations above the mean shall receive a factor of 0.2300; and

141.19 (6) a hospital that is a level one trauma center and that has a medical assistance utilization
141.20 rate in the base year that is at least two and ~~one-half~~ one-quarter standard deviations above
141.21 the statewide mean utilization rate shall receive a factor of 0.3711.

141.22 (e) For the purposes of determining eligibility for the disproportionate share hospital
141.23 factors in paragraph (d), clauses (1) to (6), the medical assistance utilization rate and
141.24 discharge thresholds shall be measured using only one year when a two-year base period
141.25 is used.

141.26 (f) Any payments or portion of payments made to a hospital under this subdivision that
141.27 are subsequently returned to the commissioner because the payments are found to exceed
141.28 the hospital-specific DSH limit for that hospital shall be redistributed, proportionate to the
141.29 number of fee-for-service discharges, to other DSH-eligible non-children's hospitals that
141.30 have a medical assistance utilization rate that is at least one standard deviation above the
141.31 mean.

141.32 (g) An additional payment adjustment shall be established by the commissioner under
141.33 this subdivision for a hospital that provides high levels of administering high-cost drugs to

142.1 enrollees in fee-for-service medical assistance. The commissioner shall consider factors
142.2 including fee-for-service medical assistance utilization rates and payments made for drugs
142.3 purchased through the 340B drug purchasing program and administered to fee-for-service
142.4 enrollees. If any part of this adjustment exceeds a hospital's hospital-specific disproportionate
142.5 share hospital limit, the commissioner shall make a payment to the hospital that equals the
142.6 nonfederal share of the amount that exceeds the limit. The total nonfederal share of the
142.7 amount of the payment adjustment under this paragraph shall not exceed \$1,500,000.

142.8 **EFFECTIVE DATE.** This section is effective July 1, 2023.

142.9 Sec. 6. Minnesota Statutes 2022, section 256.969, subdivision 25, is amended to read:

142.10 Subd. 25. **Long-term hospital rates.** (a) Long-term hospitals shall be paid on a per diem
142.11 basis.

142.12 (b) For admissions occurring on or after April 1, 1995, a long-term hospital as designated
142.13 by Medicare that does not have admissions in the base year shall have inpatient rates
142.14 established at the average of other hospitals with the same designation. For subsequent
142.15 rate-setting periods in which base years are updated, the hospital's base year shall be the
142.16 first Medicare cost report filed with the long-term hospital designation and shall remain in
142.17 effect until it falls within the same period as other hospitals.

142.18 (c) For admissions occurring on or after July 1, 2023, long-term hospitals must be paid
142.19 the higher of a per diem amount computed using the methodology described in subdivision
142.20 2b, paragraph (i), or the per diem rate as of July 1, 2021.

142.21 **EFFECTIVE DATE.** This section is effective July 1, 2023.

142.22 Sec. 7. Minnesota Statutes 2022, section 256B.055, subdivision 17, is amended to read:

142.23 Subd. 17. **Adults who were in foster care at the age of 18.** (a) Medical assistance may
142.24 be paid for a person under 26 years of age who was in foster care under the commissioner's
142.25 responsibility on the date of attaining 18 years of age, and who was enrolled in medical
142.26 assistance under the state plan or a waiver of the plan while in foster care, in accordance
142.27 with section 2004 of the Affordable Care Act.

142.28 (b) Beginning July 1, 2023, medical assistance may be paid for a person under 26 years
142.29 of age who was in foster care on the date of attaining 18 years of age and enrolled in another
142.30 state's Medicaid program while in foster care in accordance with the Substance Use-Disorder
142.31 Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities
142.32 Act of 2018. Public Law 115-271, section 1002.

143.1 **EFFECTIVE DATE.** This section is effective July 1, 2023.

143.2 Sec. 8. Minnesota Statutes 2022, section 256B.056, subdivision 7, is amended to read:

143.3 Subd. 7. **Period of eligibility.** (a) Eligibility is available for the month of application
143.4 and for three months prior to application if the person was eligible in those prior months.
143.5 A redetermination of eligibility must occur every 12 months.

143.6 (b) Notwithstanding any other law to the contrary:

143.7 (1) a child under 21 years of age who is determined eligible for medical assistance must
143.8 remain eligible for a period of 12 months; and

143.9 (2) a child under six years of age who is determined eligible for medical assistance must
143.10 remain eligible through the month in which the child reaches six years of age.

143.11 (c) A child's eligibility under paragraph (b) may be terminated earlier if:

143.12 (1) the child attains the maximum age;

143.13 (2) the child or the child's representative requests voluntary termination of eligibility;

143.14 (3) the child ceases to be a resident of the state;

143.15 (4) the child dies; or

143.16 (5) the agency determines eligibility was erroneously granted at the most recent eligibility
143.17 determination due to agency error or fraud, abuse, or perjury attributed to the child or the
143.18 child's representative.

143.19 ~~(b)~~ (d) For a person eligible for an insurance affordability program as defined in section
143.20 256B.02, subdivision 19, who reports a change that makes the person eligible for medical
143.21 assistance, eligibility is available for the month the change was reported and for three months
143.22 prior to the month the change was reported, if the person was eligible in those prior months.

143.23 **EFFECTIVE DATE.** This section is effective July 1, 2024, or upon federal approval,
143.24 whichever is later. The commissioner of human services shall notify the revisor of statutes
143.25 when federal approval is obtained.

143.26 Sec. 9. Minnesota Statutes 2022, section 256B.0625, subdivision 9, is amended to read:

143.27 Subd. 9. **Dental services.** (a) Medical assistance covers medically necessary dental
143.28 services.

143.29 ~~(b) Medical assistance dental coverage for nonpregnant adults is limited to the following~~
143.30 ~~services:~~

- 144.1 ~~(1) comprehensive exams, limited to once every five years;~~
- 144.2 ~~(2) periodic exams, limited to one per year;~~
- 144.3 ~~(3) limited exams;~~
- 144.4 ~~(4) bitewing x-rays, limited to one per year;~~
- 144.5 ~~(5) periapical x-rays;~~
- 144.6 ~~(6) panoramic x-rays, limited to one every five years except (1) when medically necessary~~
- 144.7 ~~for the diagnosis and follow-up of oral and maxillofacial pathology and trauma or (2) once~~
- 144.8 ~~every two years for patients who cannot cooperate for intraoral film due to a developmental~~
- 144.9 ~~disability or medical condition that does not allow for intraoral film placement;~~
- 144.10 ~~(7) prophylaxis, limited to one per year;~~
- 144.11 ~~(8) application of fluoride varnish, limited to one per year;~~
- 144.12 ~~(9) posterior fillings, all at the amalgam rate;~~
- 144.13 ~~(10) anterior fillings;~~
- 144.14 ~~(11) endodontics, limited to root canals on the anterior and premolars only;~~
- 144.15 ~~(12) removable prostheses, each dental arch limited to one every six years;~~
- 144.16 ~~(13) oral surgery, limited to extractions, biopsies, and incision and drainage of abscesses;~~
- 144.17 ~~(14) palliative treatment and sedative fillings for relief of pain;~~
- 144.18 ~~(15) full-mouth debridement, limited to one every five years; and~~
- 144.19 ~~(16) nonsurgical treatment for periodontal disease, including scaling and root planing~~
- 144.20 ~~once every two years for each quadrant, and routine periodontal maintenance procedures.~~
- 144.21 ~~(c) In addition to the services specified in paragraph (b), medical assistance covers the~~
- 144.22 ~~following services for adults, if provided in an outpatient hospital setting or freestanding~~
- 144.23 ~~ambulatory surgical center as part of outpatient dental surgery:~~
- 144.24 ~~(1) periodontics, limited to periodontal scaling and root planing once every two years;~~
- 144.25 ~~(2) general anesthesia; and~~
- 144.26 ~~(3) full-mouth survey once every five years.~~
- 144.27 ~~(d) Medical assistance covers medically necessary dental services for children and~~
- 144.28 ~~pregnant women. (b) The following guidelines apply to dental services:~~
- 144.29 (1) posterior fillings are paid at the amalgam rate;

145.1 (2) application of sealants are covered once every five years per permanent molar for
145.2 children only;

145.3 (3) application of fluoride varnish is covered once every six months; and

145.4 (4) orthodontia is eligible for coverage for children only.

145.5 ~~(e)~~ (c) In addition to the services specified in ~~paragraphs~~ paragraph (b) and ~~(e)~~, medical
145.6 assistance covers the following services ~~for adults~~:

145.7 (1) house calls or extended care facility calls for on-site delivery of covered services;

145.8 (2) behavioral management when additional staff time is required to accommodate
145.9 behavioral challenges and sedation is not used;

145.10 (3) oral or IV sedation, if the covered dental service cannot be performed safely without
145.11 it or would otherwise require the service to be performed under general anesthesia in a
145.12 hospital or surgical center; and

145.13 (4) prophylaxis, in accordance with an appropriate individualized treatment plan, but
145.14 no more than four times per year.

145.15 ~~(f)~~ (d) The commissioner shall not require prior authorization for the services included
145.16 in paragraph ~~(e)~~ (c), clauses (1) to (3), and shall prohibit managed care and county-based
145.17 purchasing plans from requiring prior authorization for the services included in paragraph
145.18 ~~(e)~~ (c), clauses (1) to (3), when provided under sections 256B.69, 256B.692, and 256L.12.

145.19 **EFFECTIVE DATE.** This section is effective January 1, 2024, or upon federal approval,
145.20 whichever is later. The commissioner of human services shall notify the revisor of statutes
145.21 when federal approval is obtained.

145.22 Sec. 10. Minnesota Statutes 2022, section 256B.0625, subdivision 13c, is amended to
145.23 read:

145.24 Subd. 13c. **Formulary Committee.** The commissioner, after receiving recommendations
145.25 from professional medical associations and professional pharmacy associations, and consumer
145.26 groups shall designate a Formulary Committee to carry out duties as described in subdivisions
145.27 13 to 13g. The Formulary Committee shall be comprised of at least four licensed physicians
145.28 actively engaged in the practice of medicine in Minnesota, one of whom must be actively
145.29 engaged in the treatment of persons with mental illness; at least three licensed pharmacists
145.30 actively engaged in the practice of pharmacy in Minnesota; and ~~one~~ two consumer
145.31 representative representatives, one of which is a current or former medical assistance enrollee
145.32 or the parent or guardian of a current or former medical assistance enrollee; the remainder

146.1 to be made up of health care professionals who are licensed in their field and have recognized
146.2 knowledge in the clinically appropriate prescribing, dispensing, and monitoring of covered
146.3 outpatient drugs. Members of the Formulary Committee shall not be employed by the
146.4 Department of Human Services, but the committee shall be staffed by an employee of the
146.5 department who shall serve as an ex officio, nonvoting member of the committee. The
146.6 department's medical director shall also serve as an ex officio, nonvoting member for the
146.7 committee. Committee members shall serve three-year terms and may be reappointed by
146.8 the commissioner. The Formulary Committee shall meet at least twice per year. The
146.9 commissioner may require more frequent Formulary Committee meetings as needed. An
146.10 honorarium of \$100 per meeting and reimbursement for mileage shall be paid to each
146.11 committee member in attendance. Notwithstanding section 15.059, subdivision 6, the
146.12 Formulary Committee expires June 30, 2023 does not expire.

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

146.14 Sec. 11. Minnesota Statutes 2022, section 256B.0625, subdivision 13e, is amended to
146.15 read:

146.16 Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall
146.17 be the lower of the ingredient costs of the drugs plus the professional dispensing fee; or the
146.18 usual and customary price charged to the public. The usual and customary price means the
146.19 lowest price charged by the provider to a patient who pays for the prescription by cash,
146.20 check, or charge account and includes prices the pharmacy charges to a patient enrolled in
146.21 a prescription savings club or prescription discount club administered by the pharmacy or
146.22 pharmacy chain. The amount of payment basis must be reduced to reflect all discount
146.23 amounts applied to the charge by any third-party provider/insurer agreement or contract for
146.24 submitted charges to medical assistance programs. The net submitted charge may not be
146.25 greater than the patient liability for the service. The professional dispensing fee shall be
146.26 \$10.77 for prescriptions filled with legend drugs meeting the definition of "covered outpatient
146.27 drugs" according to United States Code, title 42, section 1396r-8(k)(2). The dispensing fee
146.28 for intravenous solutions that must be compounded by the pharmacist shall be \$10.77 per
146.29 claim. The professional dispensing fee for prescriptions filled with over-the-counter drugs
146.30 meeting the definition of covered outpatient drugs shall be \$10.77 for dispensed quantities
146.31 equal to or greater than the number of units contained in the manufacturer's original package.
146.32 The professional dispensing fee shall be prorated based on the percentage of the package
146.33 dispensed when the pharmacy dispenses a quantity less than the number of units contained
146.34 in the manufacturer's original package. The pharmacy dispensing fee for prescribed
146.35 over-the-counter drugs not meeting the definition of covered outpatient drugs shall be \$3.65

147.1 for quantities equal to or greater than the number of units contained in the manufacturer's
147.2 original package and shall be prorated based on the percentage of the package dispensed
147.3 when the pharmacy dispenses a quantity less than the number of units contained in the
147.4 manufacturer's original package. The National Average Drug Acquisition Cost (NADAC)
147.5 shall be used to determine the ingredient cost of a drug. For drugs for which a NADAC is
147.6 not reported, the commissioner shall estimate the ingredient cost at the wholesale acquisition
147.7 cost minus two percent. The ingredient cost of a drug for a provider participating in the
147.8 federal 340B Drug Pricing Program shall be either the 340B Drug Pricing Program ceiling
147.9 price established by the Health Resources and Services Administration or NADAC,
147.10 whichever is lower. Wholesale acquisition cost is defined as the manufacturer's list price
147.11 for a drug or biological to wholesalers or direct purchasers in the United States, not including
147.12 prompt pay or other discounts, rebates, or reductions in price, for the most recent month for
147.13 which information is available, as reported in wholesale price guides or other publications
147.14 of drug or biological pricing data. The maximum allowable cost of a multisource drug may
147.15 be set by the commissioner and it shall be comparable to the actual acquisition cost of the
147.16 drug product and no higher than the NADAC of the generic product. Establishment of the
147.17 amount of payment for drugs shall not be subject to the requirements of the Administrative
147.18 Procedure Act.

147.19 (b) Pharmacies dispensing prescriptions to residents of long-term care facilities using
147.20 an automated drug distribution system meeting the requirements of section 151.58, or a
147.21 packaging system meeting the packaging standards set forth in Minnesota Rules, part
147.22 6800.2700, that govern the return of unused drugs to the pharmacy for reuse, may employ
147.23 retrospective billing for prescription drugs dispensed to long-term care facility residents. A
147.24 retrospectively billing pharmacy must submit a claim only for the quantity of medication
147.25 used by the enrolled recipient during the defined billing period. A retrospectively billing
147.26 pharmacy must use a billing period not less than one calendar month or 30 days.

147.27 (c) A pharmacy provider using packaging that meets the standards set forth in Minnesota
147.28 Rules, part 6800.2700, is required to credit the department for the actual acquisition cost
147.29 of all unused drugs that are eligible for reuse, unless the pharmacy is using retrospective
147.30 billing. The commissioner may permit the drug clozapine to be dispensed in a quantity that
147.31 is less than a 30-day supply.

147.32 (d) If a pharmacy dispenses a multisource drug, the ingredient cost shall be the NADAC
147.33 of the generic product or the maximum allowable cost established by the commissioner
147.34 unless prior authorization for the brand name product has been granted according to the
147.35 criteria established by the Drug Formulary Committee as required by subdivision 13f,

148.1 paragraph (a), and the prescriber has indicated "dispense as written" on the prescription in
148.2 a manner consistent with section 151.21, subdivision 2.

148.3 (e) The basis for determining the amount of payment for drugs administered in an
148.4 outpatient setting shall be the lower of the usual and customary cost submitted by the
148.5 provider, 106 percent of the average sales price as determined by the United States
148.6 Department of Health and Human Services pursuant to title XVIII, section 1847a of the
148.7 federal Social Security Act, the specialty pharmacy rate, or the maximum allowable cost
148.8 set by the commissioner. If average sales price is unavailable, the amount of payment must
148.9 be lower of the usual and customary cost submitted by the provider, the wholesale acquisition
148.10 cost, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner.
148.11 The commissioner shall discount the payment rate for drugs obtained through the federal
148.12 340B Drug Pricing Program by 28.6 percent. The payment for drugs administered in an
148.13 outpatient setting shall be made to the administering facility or practitioner. A retail or
148.14 specialty pharmacy dispensing a drug for administration in an outpatient setting is not
148.15 eligible for direct reimbursement.

148.16 (f) The commissioner may establish maximum allowable cost rates for specialty pharmacy
148.17 products that are lower than the ingredient cost formulas specified in paragraph (a). The
148.18 commissioner may require individuals enrolled in the health care programs administered
148.19 by the department to obtain specialty pharmacy products from providers with whom the
148.20 commissioner has negotiated lower reimbursement rates. Specialty pharmacy products are
148.21 defined as those used by a small number of recipients or recipients with complex and chronic
148.22 diseases that require expensive and challenging drug regimens. Examples of these conditions
148.23 include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C,
148.24 growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of
148.25 cancer. Specialty pharmaceutical products include injectable and infusion therapies,
148.26 biotechnology drugs, antihemophilic factor products, high-cost therapies, and therapies that
148.27 require complex care. The commissioner shall consult with the Formulary Committee to
148.28 develop a list of specialty pharmacy products subject to maximum allowable cost
148.29 reimbursement. In consulting with the Formulary Committee in developing this list, the
148.30 commissioner shall take into consideration the population served by specialty pharmacy
148.31 products, the current delivery system and standard of care in the state, and access to care
148.32 issues. The commissioner shall have the discretion to adjust the maximum allowable cost
148.33 to prevent access to care issues.

148.34 (g) Home infusion therapy services provided by home infusion therapy pharmacies must
148.35 be paid at rates according to subdivision 8d.

149.1 (h) The commissioner shall contract with a vendor to conduct a cost of dispensing survey
149.2 for all pharmacies that are physically located in the state of Minnesota that dispense outpatient
149.3 drugs under medical assistance. The commissioner shall ensure that the vendor has prior
149.4 experience in conducting cost of dispensing surveys. Each pharmacy enrolled with the
149.5 department to dispense outpatient prescription drugs to fee-for-service members must
149.6 respond to the cost of dispensing survey. The commissioner may sanction a pharmacy under
149.7 section 256B.064 for failure to respond. The commissioner shall require the vendor to
149.8 measure a single statewide cost of dispensing for specialty prescription drugs and a single
149.9 statewide cost of dispensing for nonspecialty prescription drugs for all responding pharmacies
149.10 to measure the mean, mean weighted by total prescription volume, mean weighted by
149.11 medical assistance prescription volume, median, median weighted by total prescription
149.12 volume, and median weighted by total medical assistance prescription volume. The
149.13 commissioner shall post a copy of the final cost of dispensing survey report on the
149.14 department's website. The initial survey must be completed no later than January 1, 2021,
149.15 and repeated every three years. The commissioner shall provide a summary of the results
149.16 of each cost of dispensing survey and provide recommendations for any changes to the
149.17 dispensing fee to the chairs and ranking members of the legislative committees with
149.18 jurisdiction over medical assistance pharmacy reimbursement. Notwithstanding section
149.19 256.01, subdivision 42, this paragraph does not expire.

149.20 (i) The commissioner shall increase the ingredient cost reimbursement calculated in
149.21 paragraphs (a) and (f) by 1.8 percent for prescription and nonprescription drugs subject to
149.22 the wholesale drug distributor tax under section 295.52.

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

149.24 Sec. 12. Minnesota Statutes 2022, section 256B.0625, is amended by adding a subdivision
149.25 to read:

149.26 **Subd. 13k. Value-based purchasing arrangements.** (a) The commissioner may enter
149.27 into a value-based purchasing arrangement for the medical assistance or MinnesotaCare
149.28 program by written arrangement with a drug manufacturer based on agreed-upon metrics.
149.29 The commissioner may enter into a contract with a vendor for the purpose of participating
149.30 in a value-based purchasing arrangement. A value-based purchasing arrangement may
149.31 include a rebate, a discount, a price reduction, risk sharing, a reimbursement, a guarantee,
149.32 shared savings payments, withholds, a bonus, or any other thing of value. A value-based
149.33 purchasing arrangement must provide the same amount or more of a value or discount in

150.1 the aggregate as would claiming the mandatory federal drug rebate under the Federal Social
 150.2 Security Act, section 1927.

150.3 (b) Nothing in this section shall be interpreted as requiring a drug manufacturer or the
 150.4 commissioner to enter into an arrangement as described in paragraph (a).

150.5 (c) Nothing in this section shall be interpreted as altering or modifying medical assistance
 150.6 coverage requirements under the federal Social Security Act, section 1927.

150.7 (d) If the commissioner determines that a state plan amendment is necessary for
 150.8 implementation before implementing a value-based purchasing arrangement, the
 150.9 commissioner shall request the amendment and may delay implementing this provision
 150.10 until the amendment is approved.

150.11 **EFFECTIVE DATE.** This section is effective July 1, 2023.

150.12 Sec. 13. Minnesota Statutes 2022, section 256B.0625, subdivision 28b, is amended to
 150.13 read:

150.14 Subd. 28b. **Doula services.** Medical assistance covers doula services provided by a
 150.15 certified doula as defined in section 148.995, subdivision 2, of the mother's choice. For
 150.16 purposes of this section, "doula services" means childbirth education and support services,
 150.17 including emotional and physical support provided during pregnancy, labor, birth, and
 150.18 postpartum. The commissioner shall enroll doula agencies and individual treating doulas
 150.19 to provide direct reimbursement.

150.20 **EFFECTIVE DATE.** This section is effective January 1, 2024, or upon federal approval,
 150.21 whichever is later. The commissioner of human services shall notify the revisor of statutes
 150.22 when federal approval is obtained.

150.23 Sec. 14. Minnesota Statutes 2022, section 256B.0625, subdivision 30, is amended to read:

150.24 Subd. 30. **Other clinic services.** (a) Medical assistance covers rural health clinic services,
 150.25 federally qualified health center services, nonprofit community health clinic services, and
 150.26 public health clinic services. Rural health clinic services and federally qualified health center
 150.27 services mean services defined in United States Code, title 42, section 1396d(a)(2)(B) and
 150.28 (C). Payment for rural health clinic and federally qualified health center services shall be
 150.29 made according to applicable federal law and regulation.

150.30 (b) A federally qualified health center (FQHC) that is beginning initial operation shall
 150.31 submit an estimate of budgeted costs and visits for the initial reporting period in the form
 150.32 and detail required by the commissioner. An FQHC that is already in operation shall submit

151.1 an initial report using actual costs and visits for the initial reporting period. Within 90 days
151.2 of the end of its reporting period, an FQHC shall submit, in the form and detail required by
151.3 the commissioner, a report of its operations, including allowable costs actually incurred for
151.4 the period and the actual number of visits for services furnished during the period, and other
151.5 information required by the commissioner. FQHCs that file Medicare cost reports shall
151.6 provide the commissioner with a copy of the most recent Medicare cost report filed with
151.7 the Medicare program intermediary for the reporting year which support the costs claimed
151.8 on their cost report to the state.

151.9 (c) In order to continue cost-based payment under the medical assistance program
151.10 according to paragraphs (a) and (b), an FQHC or rural health clinic must apply for designation
151.11 as an essential community provider within six months of final adoption of rules by the
151.12 Department of Health according to section 62Q.19, subdivision 7. For those FQHCs and
151.13 rural health clinics that have applied for essential community provider status within the
151.14 six-month time prescribed, medical assistance payments will continue to be made according
151.15 to paragraphs (a) and (b) for the first three years after application. For FQHCs and rural
151.16 health clinics that either do not apply within the time specified above or who have had
151.17 essential community provider status for three years, medical assistance payments for health
151.18 services provided by these entities shall be according to the same rates and conditions
151.19 applicable to the same service provided by health care providers that are not FQHCs or rural
151.20 health clinics.

151.21 (d) Effective July 1, 1999, the provisions of paragraph (c) requiring an FQHC or a rural
151.22 health clinic to make application for an essential community provider designation in order
151.23 to have cost-based payments made according to paragraphs (a) and (b) no longer apply.

151.24 (e) Effective January 1, 2000, payments made according to paragraphs (a) and (b) shall
151.25 be limited to the cost phase-out schedule of the Balanced Budget Act of 1997.

151.26 (f) Effective January 1, 2001, through December 31, 2020, each FQHC and rural health
151.27 clinic may elect to be paid either under the prospective payment system established in United
151.28 States Code, title 42, section 1396a(aa), or under an alternative payment methodology
151.29 consistent with the requirements of United States Code, title 42, section 1396a(aa), and
151.30 approved by the Centers for Medicare and Medicaid Services. The alternative payment
151.31 methodology shall be 100 percent of cost as determined according to Medicare cost
151.32 principles.

151.33 (g) Effective for services provided on or after January 1, 2021, all claims for payment
151.34 of clinic services provided by FQHCs and rural health clinics shall be paid by the

152.1 commissioner, according to an annual election by the FQHC or rural health clinic, under
152.2 the current prospective payment system described in paragraph (f) or the alternative payment
152.3 methodology described in paragraph (l).

152.4 (h) For purposes of this section, "nonprofit community clinic" is a clinic that:

152.5 (1) has nonprofit status as specified in chapter 317A;

152.6 (2) has tax exempt status as provided in Internal Revenue Code, section 501(c)(3);

152.7 (3) is established to provide health services to low-income population groups, uninsured,
152.8 high-risk and special needs populations, underserved and other special needs populations;

152.9 (4) employs professional staff at least one-half of which are familiar with the cultural
152.10 background of their clients;

152.11 (5) charges for services on a sliding fee scale designed to provide assistance to
152.12 low-income clients based on current poverty income guidelines and family size; and

152.13 (6) does not restrict access or services because of a client's financial limitations or public
152.14 assistance status and provides no-cost care as needed.

152.15 (i) Effective for services provided on or after January 1, 2015, all claims for payment
152.16 of clinic services provided by FQHCs and rural health clinics shall be paid by the
152.17 commissioner. the commissioner shall determine the most feasible method for paying claims
152.18 from the following options:

152.19 (1) FQHCs and rural health clinics submit claims directly to the commissioner for
152.20 payment, and the commissioner provides claims information for recipients enrolled in a
152.21 managed care or county-based purchasing plan to the plan, on a regular basis; or

152.22 (2) FQHCs and rural health clinics submit claims for recipients enrolled in a managed
152.23 care or county-based purchasing plan to the plan, and those claims are submitted by the
152.24 plan to the commissioner for payment to the clinic.

152.25 (j) For clinic services provided prior to January 1, 2015, the commissioner shall calculate
152.26 and pay monthly the proposed managed care supplemental payments to clinics, and clinics
152.27 shall conduct a timely review of the payment calculation data in order to finalize all
152.28 supplemental payments in accordance with federal law. Any issues arising from a clinic's
152.29 review must be reported to the commissioner by January 1, 2017. Upon final agreement
152.30 between the commissioner and a clinic on issues identified under this subdivision, and in
152.31 accordance with United States Code, title 42, section 1396a(bb), no supplemental payments
152.32 for managed care plan or county-based purchasing plan claims for services provided prior

153.1 to January 1, 2015, shall be made after June 30, 2017. If the commissioner and clinics are
153.2 unable to resolve issues under this subdivision, the parties shall submit the dispute to the
153.3 arbitration process under section 14.57.

153.4 (k) The commissioner shall seek a federal waiver, authorized under section 1115 of the
153.5 Social Security Act, to obtain federal financial participation at the 100 percent federal
153.6 matching percentage available to facilities of the Indian Health Service or tribal organization
153.7 in accordance with section 1905(b) of the Social Security Act for expenditures made to
153.8 organizations dually certified under Title V of the Indian Health Care Improvement Act,
153.9 Public Law 94-437, and as a federally qualified health center under paragraph (a) that
153.10 provides services to American Indian and Alaskan Native individuals eligible for services
153.11 under this subdivision.

153.12 (l) All claims for payment of clinic services provided by FQHCs and rural health clinics,
153.13 that have elected to be paid under this paragraph, shall be paid by the commissioner according
153.14 to the following requirements:

153.15 (1) the commissioner shall establish a single medical and single dental organization
153.16 encounter rate for each FQHC and rural health clinic when applicable;

153.17 (2) each FQHC and rural health clinic is eligible for same day reimbursement of one
153.18 medical and one dental organization encounter rate if eligible medical and dental visits are
153.19 provided on the same day;

153.20 (3) the commissioner shall reimburse FQHCs and rural health clinics, in accordance
153.21 with current applicable Medicare cost principles, their allowable costs, including direct
153.22 patient care costs and patient-related support services. Nonallowable costs include, but are
153.23 not limited to:

153.24 (i) general social services and administrative costs;

153.25 (ii) retail pharmacy;

153.26 (iii) patient incentives, food, housing assistance, and utility assistance;

153.27 (iv) external lab and x-ray;

153.28 (v) navigation services;

153.29 (vi) health care taxes;

153.30 (vii) advertising, public relations, and marketing;

153.31 (viii) office entertainment costs, food, alcohol, and gifts;

- 154.1 (ix) contributions and donations;
- 154.2 (x) bad debts or losses on awards or contracts;
- 154.3 (xi) fines, penalties, damages, or other settlements;
- 154.4 (xii) fundraising, investment management, and associated administrative costs;
- 154.5 (xiii) research and associated administrative costs;
- 154.6 (xiv) nonpaid workers;
- 154.7 (xv) lobbying;
- 154.8 (xvi) scholarships and student aid; and
- 154.9 (xvii) nonmedical assistance covered services;
- 154.10 (4) the commissioner shall review the list of nonallowable costs in the years between
- 154.11 the rebasing process established in clause (5), in consultation with the Minnesota Association
- 154.12 of Community Health Centers, FQHCs, and rural health clinics. The commissioner shall
- 154.13 publish the list and any updates in the Minnesota health care programs provider manual;
- 154.14 (5) the initial applicable base year organization encounter rates for FQHCs and rural
- 154.15 health clinics shall be computed for services delivered on or after January 1, 2021, and:
- 154.16 (i) must be determined using each FQHC's and rural health clinic's Medicare cost reports
- 154.17 from 2017 and 2018;
- 154.18 (ii) must be according to current applicable Medicare cost principles as applicable to
- 154.19 FQHCs and rural health clinics without the application of productivity screens and upper
- 154.20 payment limits or the Medicare prospective payment system FQHC aggregate mean upper
- 154.21 payment limit;
- 154.22 (iii) must be subsequently rebased every two years thereafter using the Medicare cost
- 154.23 reports that are three and four years prior to the rebasing year. Years in which organizational
- 154.24 cost or claims volume is reduced or altered due to a pandemic, disease, or other public health
- 154.25 emergency shall not be used as part of a base year when the base year includes more than
- 154.26 one year. The commissioner may use the Medicare cost reports of a year unaffected by a
- 154.27 pandemic, disease, or other public health emergency, or previous two consecutive years,
- 154.28 inflated to the base year as established under item (iv);
- 154.29 (iv) must be inflated to the base year using the inflation factor described in clause (6);
- 154.30 and
- 154.31 (v) the commissioner must provide for a 60-day appeals process under section 14.57;

155.1 (6) the commissioner shall annually inflate the applicable organization encounter rates
155.2 for FQHCs and rural health clinics from the base year payment rate to the effective date by
155.3 using the CMS FQHC Market Basket inflator established under United States Code, title
155.4 42, section 1395m(o), less productivity;

155.5 (7) FQHCs and rural health clinics that have elected the alternative payment methodology
155.6 under this paragraph shall submit all necessary documentation required by the commissioner
155.7 to compute the rebased organization encounter rates no later than six months following the
155.8 date the applicable Medicare cost reports are due to the Centers for Medicare and Medicaid
155.9 Services;

155.10 (8) the commissioner shall reimburse FQHCs and rural health clinics an additional
155.11 amount relative to their medical and dental organization encounter rates that is attributable
155.12 to the tax required to be paid according to section 295.52, if applicable;

155.13 (9) FQHCs and rural health clinics may submit change of scope requests to the
155.14 commissioner if the change of scope would result in an increase or decrease of 2.5 percent
155.15 or higher in the medical or dental organization encounter rate currently received by the
155.16 FQHC or rural health clinic;

155.17 (10) for FQHCs and rural health clinics seeking a change in scope with the commissioner
155.18 under clause (9) that requires the approval of the scope change by the federal Health
155.19 Resources Services Administration:

155.20 (i) FQHCs and rural health clinics shall submit the change of scope request, including
155.21 the start date of services, to the commissioner within seven business days of submission of
155.22 the scope change to the federal Health Resources Services Administration;

155.23 (ii) the commissioner shall establish the effective date of the payment change as the
155.24 federal Health Resources Services Administration date of approval of the FQHC's or rural
155.25 health clinic's scope change request, or the effective start date of services, whichever is
155.26 later; and

155.27 (iii) within 45 days of one year after the effective date established in item (ii), the
155.28 commissioner shall conduct a retroactive review to determine if the actual costs established
155.29 under clause (3) or encounters result in an increase or decrease of 2.5 percent or higher in
155.30 the medical or dental organization encounter rate, and if this is the case, the commissioner
155.31 shall revise the rate accordingly and shall adjust payments retrospectively to the effective
155.32 date established in item (ii);

156.1 (11) for change of scope requests that do not require federal Health Resources Services
156.2 Administration approval, the FQHC and rural health clinic shall submit the request to the
156.3 commissioner before implementing the change, and the effective date of the change is the
156.4 date the commissioner received the FQHC's or rural health clinic's request, or the effective
156.5 start date of the service, whichever is later. The commissioner shall provide a response to
156.6 the FQHC's or rural health clinic's request within 45 days of submission and provide a final
156.7 approval within 120 days of submission. This timeline may be waived at the mutual
156.8 agreement of the commissioner and the FQHC or rural health clinic if more information is
156.9 needed to evaluate the request;

156.10 (12) the commissioner, when establishing organization encounter rates for new FQHCs
156.11 and rural health clinics, shall consider the patient caseload of existing FQHCs and rural
156.12 health clinics in a 60-mile radius for organizations established outside of the seven-county
156.13 metropolitan area, and in a 30-mile radius for organizations in the seven-county metropolitan
156.14 area. If this information is not available, the commissioner may use Medicare cost reports
156.15 or audited financial statements to establish base rates;

156.16 (13) the commissioner shall establish a quality measures workgroup that includes
156.17 representatives from the Minnesota Association of Community Health Centers, FQHCs,
156.18 and rural health clinics, to evaluate clinical and nonclinical measures; and

156.19 (14) the commissioner shall not disallow or reduce costs that are related to an FQHC's
156.20 or rural health clinic's participation in health care educational programs to the extent that
156.21 the costs are not accounted for in the alternative payment methodology encounter rate
156.22 established in this paragraph.

156.23 (m) Effective July 1, 2023, an enrolled Indian health service facility or a Tribal health
156.24 center operating under a 638 contract or compact may elect to also enroll as a Tribal FQHC.
156.25 Requirements that otherwise apply to an FQHC covered in this subdivision do not apply to
156.26 a Tribal FQHC enrolled under this paragraph, except that any requirements necessary to
156.27 comply with federal regulations do apply to a Tribal FQHC. The commissioner shall establish
156.28 an alternative payment method for a Tribal FQHC enrolled under this paragraph that uses
156.29 the same method and rates applicable to a Tribal facility or health center that does not enroll
156.30 as a Tribal FQHC.

156.31 Sec. 15. Minnesota Statutes 2022, section 256B.0631, subdivision 1, is amended to read:

156.32 Subdivision 1. **Cost-sharing.** (a) Except as provided in subdivision 2, the medical
156.33 assistance benefit plan shall include the following cost-sharing for all recipients, effective
156.34 for services provided ~~on or after~~ from September 1, 2011, to December 31, 2023:

157.1 (1) \$3 per nonpreventive visit, except as provided in paragraph (b). For purposes of this
157.2 subdivision, a visit means an episode of service which is required because of a recipient's
157.3 symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting
157.4 by a physician or physician assistant, chiropractor, podiatrist, nurse midwife, advanced
157.5 practice nurse, audiologist, optician, or optometrist;

157.6 (2) \$3.50 for nonemergency visits to a hospital-based emergency room, except that this
157.7 co-payment shall be increased to \$20 upon federal approval;

157.8 (3) \$3 per brand-name drug prescription, \$1 per generic drug prescription, and \$1 per
157.9 prescription for a brand-name multisource drug listed in preferred status on the preferred
157.10 drug list, subject to a \$12 per month maximum for prescription drug co-payments. No
157.11 co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness;

157.12 (4) a family deductible equal to \$2.75 per month per family and adjusted annually by
157.13 the percentage increase in the medical care component of the CPI-U for the period of
157.14 September to September of the preceding calendar year, rounded to the next higher five-cent
157.15 increment; and

157.16 (5) total monthly cost-sharing must not exceed five percent of family income. For
157.17 purposes of this paragraph, family income is the total earned and unearned income of the
157.18 individual and the individual's spouse, if the spouse is enrolled in medical assistance and
157.19 also subject to the five percent limit on cost-sharing. This paragraph does not apply to
157.20 premiums charged to individuals described under section 256B.057, subdivision 9.

157.21 (b) Recipients of medical assistance are responsible for all co-payments and deductibles
157.22 in this subdivision.

157.23 (c) Notwithstanding paragraph (b), the commissioner, through the contracting process
157.24 under sections 256B.69 and 256B.692, may allow managed care plans and county-based
157.25 purchasing plans to waive the family deductible under paragraph (a), clause (4). The value
157.26 of the family deductible shall not be included in the capitation payment to managed care
157.27 plans and county-based purchasing plans. Managed care plans and county-based purchasing
157.28 plans shall certify annually to the commissioner the dollar value of the family deductible.

157.29 (d) Notwithstanding paragraph (b), the commissioner may waive the collection of the
157.30 family deductible described under paragraph (a), clause (4), from individuals and allow
157.31 long-term care and waived service providers to assume responsibility for payment.

157.32 (e) Notwithstanding paragraph (b), the commissioner, through the contracting process
157.33 under section 256B.0756 shall allow the pilot program in Hennepin County to waive

158.1 co-payments. The value of the co-payments shall not be included in the capitation payment
158.2 amount to the integrated health care delivery networks under the pilot program.

158.3 (f) For services provided on or after January 1, 2024, the medical assistance benefit plan
158.4 must not include cost-sharing or deductibles for any medical assistance recipient or benefit.

158.5 Sec. 16. Minnesota Statutes 2022, section 256B.196, subdivision 2, is amended to read:

158.6 Subd. 2. **Commissioner's duties.** (a) For the purposes of this subdivision and subdivision
158.7 3, the commissioner shall determine the fee-for-service outpatient hospital services upper
158.8 payment limit for nonstate government hospitals. The commissioner shall then determine
158.9 the amount of a supplemental payment to Hennepin County Medical Center and Regions
158.10 Hospital for these services that would increase medical assistance spending in this category
158.11 to the aggregate upper payment limit for all nonstate government hospitals in Minnesota.
158.12 In making this determination, the commissioner shall allot the available increases between
158.13 Hennepin County Medical Center and Regions Hospital based on the ratio of medical
158.14 assistance fee-for-service outpatient hospital payments to the two facilities. The commissioner
158.15 shall adjust this allotment as necessary based on federal approvals, the amount of
158.16 intergovernmental transfers received from Hennepin and Ramsey Counties, and other factors,
158.17 in order to maximize the additional total payments. The commissioner shall inform Hennepin
158.18 County and Ramsey County of the periodic intergovernmental transfers necessary to match
158.19 federal Medicaid payments available under this subdivision in order to make supplementary
158.20 medical assistance payments to Hennepin County Medical Center and Regions Hospital
158.21 equal to an amount that when combined with existing medical assistance payments to
158.22 nonstate governmental hospitals would increase total payments to hospitals in this category
158.23 for outpatient services to the aggregate upper payment limit for all hospitals in this category
158.24 in Minnesota. Upon receipt of these periodic transfers, the commissioner shall make
158.25 supplementary payments to Hennepin County Medical Center and Regions Hospital.

158.26 (b) For the purposes of this subdivision and subdivision 3, the commissioner shall
158.27 determine an upper payment limit for physicians and other billing professionals affiliated
158.28 with Hennepin County Medical Center and with Regions Hospital. The upper payment limit
158.29 shall be based on the average commercial rate or be determined using another method
158.30 acceptable to the Centers for Medicare and Medicaid Services. The commissioner shall
158.31 inform Hennepin County and Ramsey County of the periodic intergovernmental transfers
158.32 necessary to match the federal Medicaid payments available under this subdivision in order
158.33 to make supplementary payments to physicians and other billing professionals affiliated
158.34 with Hennepin County Medical Center and to make supplementary payments to physicians

159.1 and other billing professionals affiliated with Regions Hospital through HealthPartners
159.2 Medical Group equal to the difference between the established medical assistance payment
159.3 for physician and other billing professional services and the upper payment limit. Upon
159.4 receipt of these periodic transfers, the commissioner shall make supplementary payments
159.5 to physicians and other billing professionals affiliated with Hennepin County Medical Center
159.6 and shall make supplementary payments to physicians and other billing professionals
159.7 affiliated with Regions Hospital through HealthPartners Medical Group.

159.8 (c) Beginning January 1, 2010, Ramsey County may make monthly voluntary
159.9 intergovernmental transfers to the commissioner in amounts not to exceed \$6,000,000 per
159.10 year. The commissioner shall increase the medical assistance capitation payments to any
159.11 licensed health plan under contract with the medical assistance program that agrees to make
159.12 enhanced payments to Regions Hospital. The increase shall be in an amount equal to the
159.13 annual value of the monthly transfers plus federal financial participation, with each health
159.14 plan receiving its pro rata share of the increase based on the pro rata share of medical
159.15 assistance admissions to Regions Hospital by those plans. For the purposes of this paragraph,
159.16 "the base amount" means the total annual value of increased medical assistance capitation
159.17 payments, including the voluntary intergovernmental transfers, under this paragraph in
159.18 calendar year 2017. For managed care contracts beginning on or after January 1, 2018, the
159.19 commissioner shall reduce the total annual value of increased medical assistance capitation
159.20 payments under this paragraph by an amount equal to ten percent of the base amount, and
159.21 by an additional ten percent of the base amount for each subsequent contract year until
159.22 December 31, 2025. Upon the request of the commissioner, health plans shall submit
159.23 individual-level cost data for verification purposes. The commissioner may ratably reduce
159.24 these payments on a pro rata basis in order to satisfy federal requirements for actuarial
159.25 soundness. If payments are reduced, transfers shall be reduced accordingly. Any licensed
159.26 health plan that receives increased medical assistance capitation payments under the
159.27 intergovernmental transfer described in this paragraph shall increase its medical assistance
159.28 payments to Regions Hospital by the same amount as the increased payments received in
159.29 the capitation payment described in this paragraph. This paragraph expires January 1, 2026.

159.30 (d) For the purposes of this subdivision and subdivision 3, the commissioner shall
159.31 determine an upper payment limit for ambulance services affiliated with Hennepin County
159.32 Medical Center and the city of St. Paul, and ambulance services owned and operated by
159.33 another governmental entity that chooses to participate by requesting the commissioner to
159.34 determine an upper payment limit. The upper payment limit shall be based on the average
159.35 commercial rate or be determined using another method acceptable to the Centers for

160.1 Medicare and Medicaid Services. The commissioner shall inform Hennepin County, the
160.2 city of St. Paul, and other participating governmental entities of the periodic
160.3 intergovernmental transfers necessary to match the federal Medicaid payments available
160.4 under this subdivision in order to make supplementary payments to Hennepin County
160.5 Medical Center, the city of St. Paul, and other participating governmental entities equal to
160.6 the difference between the established medical assistance payment for ambulance services
160.7 and the upper payment limit. Upon receipt of these periodic transfers, the commissioner
160.8 shall make supplementary payments to Hennepin County Medical Center, the city of St.
160.9 Paul, and other participating governmental entities. A tribal government that owns and
160.10 operates an ambulance service is not eligible to participate under this subdivision.

160.11 (e) For the purposes of this subdivision and subdivision 3, the commissioner shall
160.12 determine an upper payment limit for physicians, dentists, and other billing professionals
160.13 affiliated with the University of Minnesota and University of Minnesota Physicians. The
160.14 upper payment limit shall be based on the average commercial rate or be determined using
160.15 another method acceptable to the Centers for Medicare and Medicaid Services. The
160.16 commissioner shall inform the University of Minnesota Medical School and University of
160.17 Minnesota School of Dentistry of the periodic intergovernmental transfers necessary to
160.18 match the federal Medicaid payments available under this subdivision in order to make
160.19 supplementary payments to physicians, dentists, and other billing professionals affiliated
160.20 with the University of Minnesota and the University of Minnesota Physicians equal to the
160.21 difference between the established medical assistance payment for physician, dentist, and
160.22 other billing professional services and the upper payment limit. Upon receipt of these periodic
160.23 transfers, the commissioner shall make supplementary payments to physicians, dentists,
160.24 and other billing professionals affiliated with the University of Minnesota and the University
160.25 of Minnesota Physicians.

160.26 (f) The commissioner shall inform the transferring governmental entities on an ongoing
160.27 basis of the need for any changes needed in the intergovernmental transfers in order to
160.28 continue the payments under paragraphs (a) to (e), at their maximum level, including
160.29 increases in upper payment limits, changes in the federal Medicaid match, and other factors.

160.30 (g) The payments in paragraphs (a) to (e) shall be implemented independently of each
160.31 other, subject to federal approval and to the receipt of transfers under subdivision 3.

160.32 (h) All of the data and funding transactions related to the payments in paragraphs (a) to
160.33 (e) shall be between the commissioner and the governmental entities. The commissioner
160.34 shall not make payments to governmental entities eligible to receive payments described

161.1 in paragraphs (a) to (e) that fail to submit the data needed to compute the payments within
161.2 24 months of the initial request from the commissioner.

161.3 (i) For purposes of this subdivision, billing professionals are limited to physicians, nurse
161.4 practitioners, nurse midwives, clinical nurse specialists, physician assistants,
161.5 anesthesiologists, certified registered nurse anesthetists, dentists, dental hygienists, and
161.6 dental therapists.

161.7 **EFFECTIVE DATE.** This section is effective July 1, 2023.

161.8 Sec. 17. Minnesota Statutes 2022, section 256B.69, subdivision 5a, is amended to read:

161.9 Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and
161.10 section 256L.12 shall be entered into or renewed on a calendar year basis. The commissioner
161.11 may issue separate contracts with requirements specific to services to medical assistance
161.12 recipients age 65 and older.

161.13 (b) A prepaid health plan providing covered health services for eligible persons pursuant
161.14 to chapters 256B and 256L is responsible for complying with the terms of its contract with
161.15 the commissioner. Requirements applicable to managed care programs under chapters 256B
161.16 and 256L established after the effective date of a contract with the commissioner take effect
161.17 when the contract is next issued or renewed.

161.18 (c) The commissioner shall withhold five percent of managed care plan payments under
161.19 this section and county-based purchasing plan payments under section 256B.692 for the
161.20 prepaid medical assistance program pending completion of performance targets. Each
161.21 performance target must be quantifiable, objective, measurable, and reasonably attainable,
161.22 except in the case of a performance target based on a federal or state law or rule. Criteria
161.23 for assessment of each performance target must be outlined in writing prior to the contract
161.24 effective date. Clinical or utilization performance targets and their related criteria must
161.25 consider evidence-based research and reasonable interventions when available or applicable
161.26 to the populations served, and must be developed with input from external clinical experts
161.27 and stakeholders, including managed care plans, county-based purchasing plans, and
161.28 providers. The managed care or county-based purchasing plan must demonstrate, to the
161.29 commissioner's satisfaction, that the data submitted regarding attainment of the performance
161.30 target is accurate. The commissioner shall periodically change the administrative measures
161.31 used as performance targets in order to improve plan performance across a broader range
161.32 of administrative services. The performance targets must include measurement of plan
161.33 efforts to contain spending on health care services and administrative activities. The
161.34 commissioner may adopt plan-specific performance targets that take into account factors

162.1 affecting only one plan, including characteristics of the plan's enrollee population. The
162.2 withheld funds must be returned no sooner than July of the following year if performance
162.3 targets in the contract are achieved. The commissioner may exclude special demonstration
162.4 projects under subdivision 23.

162.5 (d) The commissioner shall require that managed care plans:

162.6 (1) use the assessment and authorization processes, forms, timelines, standards,
162.7 documentation, and data reporting requirements, protocols, billing processes, and policies
162.8 consistent with medical assistance fee-for-service or the Department of Human Services
162.9 contract requirements for all personal care assistance services under section 256B.0659 and
162.10 community first services and supports under section 256B.85; and

162.11 (2) by January 30 of each year that follows a rate increase for any aspect of services
162.12 under section 256B.0659 or 256B.85, inform the commissioner and the chairs and ranking
162.13 minority members of the legislative committees with jurisdiction over rates determined
162.14 under section 256B.851 of the amount of the rate increase that is paid to each personal care
162.15 assistance provider agency with which the plan has a contract.

162.16 ~~(e) Effective for services rendered on or after January 1, 2012, the commissioner shall~~
162.17 ~~include as part of the performance targets described in paragraph (e) a reduction in the health~~
162.18 ~~plan's emergency department utilization rate for medical assistance and MinnesotaCare~~
162.19 ~~enrollees, as determined by the commissioner. For 2012, the reduction shall be based on~~
162.20 ~~the health plan's utilization in 2009. To earn the return of the withhold each subsequent~~
162.21 ~~year, the managed care plan or county-based purchasing plan must achieve a qualifying~~
162.22 ~~reduction of no less than ten percent of the plan's emergency department utilization rate for~~
162.23 ~~medical assistance and MinnesotaCare enrollees, excluding enrollees in programs described~~
162.24 ~~in subdivisions 23 and 28, compared to the previous measurement year until the final~~
162.25 ~~performance target is reached. When measuring performance, the commissioner must~~
162.26 ~~consider the difference in health risk in a managed care or county-based purchasing plan's~~
162.27 ~~membership in the baseline year compared to the measurement year, and work with the~~
162.28 ~~managed care or county-based purchasing plan to account for differences that they agree~~
162.29 ~~are significant.~~

162.30 ~~The withheld funds must be returned no sooner than July 1 and no later than July 31 of~~
162.31 ~~the following calendar year if the managed care plan or county-based purchasing plan~~
162.32 ~~demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate~~
162.33 ~~was achieved. The commissioner shall structure the withhold so that the commissioner~~

163.1 ~~returns a portion of the withheld funds in amounts commensurate with achieved reductions~~
163.2 ~~in utilization less than the targeted amount.~~

163.3 ~~The withhold described in this paragraph shall continue for each consecutive contract~~
163.4 ~~period until the plan's emergency room utilization rate for state health care program enrollees~~
163.5 ~~is reduced by 25 percent of the plan's emergency room utilization rate for medical assistance~~
163.6 ~~and MinnesotaCare enrollees for calendar year 2009. Hospitals shall cooperate with the~~
163.7 ~~health plans in meeting this performance target and shall accept payment withholds that~~
163.8 ~~may be returned to the hospitals if the performance target is achieved.~~

163.9 ~~(f) Effective for services rendered on or after January 1, 2012, the commissioner shall~~
163.10 ~~include as part of the performance targets described in paragraph (c) a reduction in the plan's~~
163.11 ~~hospitalization admission rate for medical assistance and MinnesotaCare enrollees, as~~
163.12 ~~determined by the commissioner. To earn the return of the withhold each year, the managed~~
163.13 ~~care plan or county-based purchasing plan must achieve a qualifying reduction of no less~~
163.14 ~~than five percent of the plan's hospital admission rate for medical assistance and~~
163.15 ~~MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and~~
163.16 ~~28, compared to the previous calendar year until the final performance target is reached.~~
163.17 ~~When measuring performance, the commissioner must consider the difference in health risk~~
163.18 ~~in a managed care or county-based purchasing plan's membership in the baseline year~~
163.19 ~~compared to the measurement year, and work with the managed care or county-based~~
163.20 ~~purchasing plan to account for differences that they agree are significant.~~

163.21 ~~The withheld funds must be returned no sooner than July 1 and no later than July 31 of~~
163.22 ~~the following calendar year if the managed care plan or county-based purchasing plan~~
163.23 ~~demonstrates to the satisfaction of the commissioner that this reduction in the hospitalization~~
163.24 ~~rate was achieved. The commissioner shall structure the withhold so that the commissioner~~
163.25 ~~returns a portion of the withheld funds in amounts commensurate with achieved reductions~~
163.26 ~~in utilization less than the targeted amount.~~

163.27 ~~The withhold described in this paragraph shall continue until there is a 25 percent~~
163.28 ~~reduction in the hospital admission rate compared to the hospital admission rates in calendar~~
163.29 ~~year 2011, as determined by the commissioner. The hospital admissions in this performance~~
163.30 ~~target do not include the admissions applicable to the subsequent hospital admission~~
163.31 ~~performance target under paragraph (g). Hospitals shall cooperate with the plans in meeting~~
163.32 ~~this performance target and shall accept payment withholds that may be returned to the~~
163.33 ~~hospitals if the performance target is achieved.~~

164.1 ~~(g) Effective for services rendered on or after January 1, 2012, the commissioner shall~~
164.2 ~~include as part of the performance targets described in paragraph (c) a reduction in the plan's~~
164.3 ~~hospitalization admission rates for subsequent hospitalizations within 30 days of a previous~~
164.4 ~~hospitalization of a patient regardless of the reason, for medical assistance and MinnesotaCare~~
164.5 ~~enrollees, as determined by the commissioner. To earn the return of the withhold each year,~~
164.6 ~~the managed care plan or county-based purchasing plan must achieve a qualifying reduction~~
164.7 ~~of the subsequent hospitalization rate for medical assistance and MinnesotaCare enrollees,~~
164.8 ~~excluding enrollees in programs described in subdivisions 23 and 28, of no less than five~~
164.9 ~~percent compared to the previous calendar year until the final performance target is reached.~~

164.10 ~~The withheld funds must be returned no sooner than July 1 and no later than July 31 of~~
164.11 ~~the following calendar year if the managed care plan or county-based purchasing plan~~
164.12 ~~demonstrates to the satisfaction of the commissioner that a qualifying reduction in the~~
164.13 ~~subsequent hospitalization rate was achieved. The commissioner shall structure the withhold~~
164.14 ~~so that the commissioner returns a portion of the withheld funds in amounts commensurate~~
164.15 ~~with achieved reductions in utilization less than the targeted amount.~~

164.16 ~~The withhold described in this paragraph must continue for each consecutive contract~~
164.17 ~~period until the plan's subsequent hospitalization rate for medical assistance and~~
164.18 ~~MinnesotaCare enrollees, excluding enrollees in programs described in subdivisions 23 and~~
164.19 ~~28, is reduced by 25 percent of the plan's subsequent hospitalization rate for calendar year~~
164.20 ~~2011. Hospitals shall cooperate with the plans in meeting this performance target and shall~~
164.21 ~~accept payment withholds that must be returned to the hospitals if the performance target~~
164.22 ~~is achieved.~~

164.23 ~~(h)~~ (e) Effective for services rendered on or after January 1, 2013, through December
164.24 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under
164.25 this section and county-based purchasing plan payments under section 256B.692 for the
164.26 prepaid medical assistance program. The withheld funds must be returned no sooner than
164.27 July 1 and no later than July 31 of the following year. The commissioner may exclude
164.28 special demonstration projects under subdivision 23.

164.29 ~~(i)~~ (f) Effective for services rendered on or after January 1, 2014, the commissioner shall
164.30 withhold three percent of managed care plan payments under this section and county-based
164.31 purchasing plan payments under section 256B.692 for the prepaid medical assistance
164.32 program. The withheld funds must be returned no sooner than July 1 and no later than July
164.33 31 of the following year. The commissioner may exclude special demonstration projects
164.34 under subdivision 23.

165.1 ~~(f)~~ (g) A managed care plan or a county-based purchasing plan under section 256B.692
 165.2 may include as admitted assets under section 62D.044 any amount withheld under this
 165.3 section that is reasonably expected to be returned.

165.4 ~~(k)~~ (h) Contracts between the commissioner and a prepaid health plan are exempt from
 165.5 the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a),
 165.6 and 7.

165.7 ~~(l)~~ (i) The return of the withhold under paragraphs (h) and (i) is not subject to the
 165.8 requirements of paragraph (c).

165.9 ~~(m)~~ (j) Managed care plans and county-based purchasing plans shall maintain current
 165.10 and fully executed agreements for all subcontractors, including bargaining groups, for
 165.11 administrative services that are expensed to the state's public health care programs.
 165.12 Subcontractor agreements determined to be material, as defined by the commissioner after
 165.13 taking into account state contracting and relevant statutory requirements, must be in the
 165.14 form of a written instrument or electronic document containing the elements of offer,
 165.15 acceptance, consideration, payment terms, scope, duration of the contract, and how the
 165.16 subcontractor services relate to state public health care programs. Upon request, the
 165.17 commissioner shall have access to all subcontractor documentation under this paragraph.
 165.18 Nothing in this paragraph shall allow release of information that is nonpublic data pursuant
 165.19 to section 13.02.

165.20 **EFFECTIVE DATE.** This section is effective January 1, 2024.

165.21 Sec. 18. Minnesota Statutes 2022, section 256B.76, subdivision 1, is amended to read:

165.22 Subdivision 1. **Physician reimbursement.** (a) Effective for services rendered on or after
 165.23 October 1, 1992, the commissioner shall make payments for physician services as follows:

165.24 (1) payment for level one Centers for Medicare and Medicaid Services' common
 165.25 procedural coding system codes titled "office and other outpatient services," "preventive
 165.26 medicine new and established patient," "delivery, antepartum, and postpartum care," "critical
 165.27 care," cesarean delivery and pharmacologic management provided to psychiatric patients,
 165.28 and level three codes for enhanced services for prenatal high risk, shall be paid at the lower
 165.29 of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992;

165.30 (2) payments for all other services shall be paid at the lower of (i) submitted charges,
 165.31 or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

165.32 (3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th
 165.33 percentile of 1989, less the percent in aggregate necessary to equal the above increases

166.1 except that payment rates for home health agency services shall be the rates in effect on
166.2 September 30, 1992.

166.3 (b) Effective for services rendered on or after January 1, 2000, payment rates for physician
166.4 and professional services shall be increased by three percent over the rates in effect on
166.5 December 31, 1999, except for home health agency and family planning agency services.
166.6 The increases in this paragraph shall be implemented January 1, 2000, for managed care.

166.7 (c) Effective for services rendered on or after July 1, 2009, payment rates for physician
166.8 and professional services shall be reduced by five percent, except that for the period July
166.9 1, 2009, through June 30, 2010, payment rates shall be reduced by 6.5 percent for the medical
166.10 assistance and general assistance medical care programs, over the rates in effect on June
166.11 30, 2009. This reduction and the reductions in paragraph (d) do not apply to office or other
166.12 outpatient visits, preventive medicine visits and family planning visits billed by physicians,
166.13 advanced practice nurses, or physician assistants in a family planning agency or in one of
166.14 the following primary care practices: general practice, general internal medicine, general
166.15 pediatrics, general geriatrics, and family medicine. This reduction and the reductions in
166.16 paragraph (d) do not apply to federally qualified health centers, rural health centers, and
166.17 Indian health services. Effective October 1, 2009, payments made to managed care plans
166.18 and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall
166.19 reflect the payment reduction described in this paragraph.

166.20 (d) Effective for services rendered on or after July 1, 2010, payment rates for physician
166.21 and professional services shall be reduced an additional seven percent over the five percent
166.22 reduction in rates described in paragraph (c). This additional reduction does not apply to
166.23 physical therapy services, occupational therapy services, and speech pathology and related
166.24 services provided on or after July 1, 2010. This additional reduction does not apply to
166.25 physician services billed by a psychiatrist or an advanced practice nurse with a specialty in
166.26 mental health. Effective October 1, 2010, payments made to managed care plans and
166.27 county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect
166.28 the payment reduction described in this paragraph.

166.29 (e) Effective for services rendered on or after September 1, 2011, through June 30, 2013,
166.30 payment rates for physician and professional services shall be reduced three percent from
166.31 the rates in effect on August 31, 2011. This reduction does not apply to physical therapy
166.32 services, occupational therapy services, and speech pathology and related services.

166.33 (f) Effective for services rendered on or after September 1, 2014, payment rates for
166.34 physician and professional services, including physical therapy, occupational therapy, speech

167.1 pathology, and mental health services shall be increased by five percent from the rates in
 167.2 effect on August 31, 2014. In calculating this rate increase, the commissioner shall not
 167.3 include in the base rate for August 31, 2014, the rate increase provided under section
 167.4 256B.76, subdivision 7. This increase does not apply to federally qualified health centers,
 167.5 rural health centers, and Indian health services. Payments made to managed care plans and
 167.6 county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

167.7 (g) Effective for services rendered on or after July 1, 2015, payment rates for physical
 167.8 therapy, occupational therapy, and speech pathology and related services provided by a
 167.9 hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause
 167.10 (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments
 167.11 made to managed care plans and county-based purchasing plans shall not be adjusted to
 167.12 reflect payments under this paragraph.

167.13 (h) Any rates effective before July 1, 2015, do not apply to early intensive
 167.14 developmental and behavioral intervention (EIDBI) benefits described in section 256B.0949.

167.15 (i) The commissioner may reimburse the cost incurred to pay the Department of Health
 167.16 for metabolic disorder testing of newborns who are medical assistance recipients when the
 167.17 sample is collected outside of an inpatient hospital setting or freestanding birth center setting
 167.18 because the newborn was born outside of a hospital setting or freestanding birth center
 167.19 setting or because it is not medically appropriate to collect the sample during the inpatient
 167.20 stay for the birth.

167.21 (j) Effective for service rendered on or after January 1, 2024, payment rates for family
 167.22 planning and abortion services shall be increased by ten percent. This increase does not
 167.23 apply to federally qualified health centers, rural health centers, or Indian health services.

167.24 Sec. 19. Minnesota Statutes 2022, section 256B.76, subdivision 2, is amended to read:

167.25 Subd. 2. **Dental reimbursement.** (a) Effective for services rendered ~~on or after~~ from
 167.26 October 1, 1992, to December 31, 2023, the commissioner shall make payments for dental
 167.27 services as follows:

167.28 (1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent
 167.29 above the rate in effect on June 30, 1992; and

167.30 (2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile
 167.31 of 1989, less the percent in aggregate necessary to equal the above increases.

168.1 (b) ~~Beginning~~ From October 1, 1999, to December 31, 2023, the payment for tooth
168.2 sealants and fluoride treatments shall be the lower of (1) submitted charge, or (2) 80 percent
168.3 of median 1997 charges.

168.4 (c) Effective for services rendered ~~on or after~~ from January 1, 2000, to December 31,
168.5 2023, payment rates for dental services shall be increased by three percent over the rates in
168.6 effect on December 31, 1999.

168.7 (d) Effective for services provided ~~on or after~~ from January 1, 2002, to December 31,
168.8 2023, payment for diagnostic examinations and dental x-rays provided to children under
168.9 age 21 shall be the lower of (1) the submitted charge, or (2) 85 percent of median 1999
168.10 charges.

168.11 (e) The increases listed in paragraphs (b) and (c) shall be implemented January 1, 2000,
168.12 for managed care.

168.13 (f) Effective for dental services rendered on or after October 1, 2010, by a state-operated
168.14 dental clinic, payment shall be paid on a reasonable cost basis that is based on the Medicare
168.15 principles of reimbursement. This payment shall be effective for services rendered on or
168.16 after January 1, 2011, to recipients enrolled in managed care plans or county-based
168.17 purchasing plans.

168.18 (g) Beginning in fiscal year 2011, if the payments to state-operated dental clinics in
168.19 paragraph (f), including state and federal shares, are less than \$1,850,000 per fiscal year, a
168.20 supplemental state payment equal to the difference between the total payments in paragraph
168.21 (f) and \$1,850,000 shall be paid from the general fund to state-operated services for the
168.22 operation of the dental clinics.

168.23 ~~(h) Effective for services rendered on or after January 1, 2014, through December 31,~~
168.24 ~~2021, payment rates for dental services shall be increased by five percent from the rates in~~
168.25 ~~effect on December 31, 2013. This increase does not apply to state-operated dental clinics~~
168.26 ~~in paragraph (f), federally qualified health centers, rural health centers, and Indian health~~
168.27 ~~services. Effective January 1, 2014, payments made to managed care plans and county-based~~
168.28 ~~purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment~~
168.29 ~~increase described in this paragraph.~~

168.30 ~~(i) Effective for services provided on or after January 1, 2017, through December 31,~~
168.31 ~~2021, the commissioner shall increase payment rates by 9.65 percent for dental services~~
168.32 ~~provided outside of the seven-county metropolitan area. This increase does not apply to~~
168.33 ~~state-operated dental clinics in paragraph (f), federally qualified health centers, rural health~~
168.34 ~~centers, or Indian health services. Effective January 1, 2017, payments to managed care~~

169.1 ~~plans and county-based purchasing plans under sections 256B.69 and 256B.692 shall reflect~~
169.2 ~~the payment increase described in this paragraph.~~

169.3 ~~(j) Effective for services provided on or after July 1, 2017, through December 31, 2021,~~
169.4 ~~the commissioner shall increase payment rates by 23.8 percent for dental services provided~~
169.5 ~~to enrollees under the age of 21. This rate increase does not apply to state-operated dental~~
169.6 ~~clinics in paragraph (f), federally qualified health centers, rural health centers, or Indian~~
169.7 ~~health centers. This rate increase does not apply to managed care plans and county-based~~
169.8 ~~purchasing plans.~~

169.9 ~~(k)~~ (h) Effective for services provided on or after January 1, 2022, the commissioner
169.10 shall exclude from medical assistance and MinnesotaCare payments for dental services to
169.11 public health and community health clinics the 20 percent increase authorized under Laws
169.12 1989, chapter 327, section 5, subdivision 2, paragraph (b).

169.13 ~~(l)~~ (i) Effective for services provided ~~on or after~~ from January 1, 2022, to December 31,
169.14 2023, the commissioner shall increase payment rates by 98 percent for all dental services.
169.15 This rate increase does not apply to state-operated dental clinics, federally qualified health
169.16 centers, rural health centers, or Indian health services.

169.17 ~~(m)~~ (j) Managed care plans and county-based purchasing plans shall reimburse providers
169.18 at a level that is at least equal to the rate paid under fee-for-service for dental services. If,
169.19 for any coverage year, federal approval is not received for this paragraph, the commissioner
169.20 must adjust the capitation rates paid to managed care plans and county-based purchasing
169.21 plans for that contract year to reflect the removal of this provision. Contracts between
169.22 managed care plans and county-based purchasing plans and providers to whom this paragraph
169.23 applies must allow recovery of payments from those providers if capitation rates are adjusted
169.24 in accordance with this paragraph. Payment recoveries must not exceed an amount equal
169.25 to any increase in rates that results from this provision. If, for any coverage year, federal
169.26 approval is not received for this paragraph, the commissioner shall not implement this
169.27 paragraph for subsequent coverage years.

169.28 (k) Effective for services provided on or after January 1, 2024, payment for dental
169.29 services must be the lower of submitted charges or the percentile of 2018-submitted charges
169.30 from claims paid by the commissioner so that the total aggregate expenditures does not
169.31 exceed the total spend as outlined in the applicable paragraphs (a) to (k). This paragraph
169.32 does not apply to federally qualified health centers, rural health centers, state-operated dental
169.33 clinics, or Indian health centers.

170.1 (l) Beginning January 1, 2027, and every three years thereafter, the commissioner shall
 170.2 rebase payment rates for dental services to a percentile of submitted charges for the applicable
 170.3 base year using charge data from claims paid by the commissioner so that the total aggregate
 170.4 expenditures does not exceed the total spend as outlined in paragraph (k) plus the change
 170.5 in the Medical Economic Index (MEI). In 2027, the change in the MEI must be measured
 170.6 from midyear of 2024 and 2026. For each subsequent rebasing, the change in the MEI must
 170.7 be measured between the years that are one year after the rebasing years. The base year
 170.8 used for each rebasing must be the calendar year that is two years prior to the effective date
 170.9 of the rebasing. This paragraph does not apply to federally qualified health centers, rural
 170.10 health centers, state-operated dental clinics, or Indian health centers.

170.11 **EFFECTIVE DATE.** This section is effective January 1, 2024, or upon federal approval,
 170.12 whichever is later. The commissioner of human services shall notify the revisor of statutes
 170.13 when federal approval is obtained.

170.14 Sec. 20. Minnesota Statutes 2022, section 256B.76, subdivision 4, is amended to read:

170.15 **Subd. 4. Critical access dental providers.** ~~(a) The commissioner shall increase~~
 170.16 ~~reimbursements to dentists and dental clinics deemed by the commissioner to be critical~~
 170.17 ~~access dental providers. For dental services rendered on or after July 1, 2016, through~~
 170.18 ~~December 31, 2021, the commissioner shall increase reimbursement by 37.5 percent above~~
 170.19 ~~the reimbursement rate that would otherwise be paid to the critical access dental provider,~~
 170.20 ~~except as specified under paragraph (b). The commissioner shall pay the managed care~~
 170.21 ~~plans and county-based purchasing plans in amounts sufficient to reflect increased~~
 170.22 ~~reimbursements to critical access dental providers as approved by the commissioner.~~

170.23 ~~(b) For dental services rendered on or after July 1, 2016, through December 31, 2021,~~
 170.24 ~~by a dental clinic or dental group that meets the critical access dental provider designation~~
 170.25 ~~under paragraph (f), clause (4), and is owned and operated by a health maintenance~~
 170.26 ~~organization licensed under chapter 62D, the commissioner shall increase reimbursement~~
 170.27 ~~by 35 percent above the reimbursement rate that would otherwise be paid to the critical~~
 170.28 ~~access provider.~~

170.29 ~~(e)~~ (a) The commissioner shall increase reimbursement to dentists and dental clinics
 170.30 deemed by the commissioner to be critical access dental providers. For dental services
 170.31 provided on or after January 1, 2022, by a dental provider deemed to be a critical access
 170.32 dental provider under paragraph (f), the commissioner shall increase reimbursement by 20
 170.33 percent above the reimbursement rate that would otherwise be paid to the critical access

171.1 dental provider. This paragraph does not apply to federally qualified health centers, rural
171.2 health centers, state-operated dental clinics, or Indian health centers.

171.3 ~~(d)~~ (b) Managed care plans and county-based purchasing plans shall increase
171.4 reimbursement to critical access dental providers by at least the amount specified in paragraph
171.5 (c). If, for any coverage year, federal approval is not received for this paragraph, the
171.6 commissioner must adjust the capitation rates paid to managed care plans and county-based
171.7 purchasing plans for that contract year to reflect the removal of this provision. Contracts
171.8 between managed care plans and county-based purchasing plans and providers to whom
171.9 this paragraph applies must allow recovery of payments from those providers if capitation
171.10 rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed
171.11 an amount equal to any increase in rates that results from this provision. If, for any coverage
171.12 year, federal approval is not received for this paragraph, the commissioner shall not
171.13 implement this paragraph for subsequent coverage years.

171.14 ~~(e)~~ (c) Critical access dental payments made under this subdivision for dental services
171.15 provided by a critical access dental provider to an enrollee of a managed care plan or
171.16 county-based purchasing plan must not reflect any capitated payments or cost-based payments
171.17 from the managed care plan or county-based purchasing plan. The managed care plan or
171.18 county-based purchasing plan must base the additional critical access dental payment on
171.19 the amount that would have been paid for that service had the dental provider been paid
171.20 according to the managed care plan or county-based purchasing plan's fee schedule that
171.21 applies to dental providers that are not paid under a capitated payment or cost-based payment.

171.22 ~~(f)~~ (d) The commissioner shall designate the following dentists and dental clinics as
171.23 critical access dental providers:

171.24 (1) nonprofit community clinics that:

171.25 (i) have nonprofit status in accordance with chapter 317A;

171.26 (ii) have tax exempt status in accordance with the Internal Revenue Code, section
171.27 501(c)(3);

171.28 (iii) are established to provide oral health services to patients who are low income,
171.29 uninsured, have special needs, and are underserved;

171.30 (iv) have professional staff familiar with the cultural background of the clinic's patients;

171.31 (v) charge for services on a sliding fee scale designed to provide assistance to low-income
171.32 patients based on current poverty income guidelines and family size;

172.1 (vi) do not restrict access or services because of a patient's financial limitations or public
172.2 assistance status; and

172.3 (vii) have free care available as needed;

172.4 (2) federally qualified health centers, rural health clinics, and public health clinics;

172.5 (3) hospital-based dental clinics owned and operated by a city, county, or former state
172.6 hospital as defined in section 62Q.19, subdivision 1, paragraph (a), clause (4);

172.7 (4) a dental clinic or dental group owned and operated by a nonprofit corporation in
172.8 accordance with chapter 317A with more than 10,000 patient encounters per year with
172.9 patients who are uninsured or covered by medical assistance or MinnesotaCare;

172.10 (5) a dental clinic owned and operated by the University of Minnesota or the Minnesota
172.11 State Colleges and Universities system; and

172.12 (6) private practicing dentists if:

172.13 (i) the dentist's office is located within the seven-county metropolitan area and more
172.14 than 50 percent of the dentist's patient encounters per year are with patients who are uninsured
172.15 or covered by medical assistance or MinnesotaCare; or

172.16 (ii) the dentist's office is located outside the seven-county metropolitan area and more
172.17 than 25 percent of the dentist's patient encounters per year are with patients who are uninsured
172.18 or covered by medical assistance or MinnesotaCare.

172.19 **EFFECTIVE DATE.** This section is effective January 1, 2024, or upon federal approval,
172.20 whichever is later. The commissioner of human services shall notify the revisor of statutes
172.21 when federal approval is obtained.

172.22 Sec. 21. Minnesota Statutes 2022, section 256L.04, subdivision 10, is amended to read:

172.23 Subd. 10. **Citizenship requirements.** (a) Eligibility for MinnesotaCare is limited to
172.24 citizens or nationals of the United States and lawfully present noncitizens as defined in
172.25 Code of Federal Regulations, title 8, section 103.12. Undocumented noncitizens, with the
172.26 exception of children under 19 years of age, are ineligible for MinnesotaCare. For purposes
172.27 of this subdivision, an undocumented noncitizen is an individual who resides in the United
172.28 States without the approval or acquiescence of the United States Citizenship and Immigration
172.29 Services. Families with children who are citizens or nationals of the United States must
172.30 cooperate in obtaining satisfactory documentary evidence of citizenship or nationality
172.31 according to the requirements of the federal Deficit Reduction Act of 2005, Public Law
172.32 109-171.

173.1 (b) Notwithstanding subdivisions 1 and 7, eligible persons include families and
173.2 individuals who are lawfully present and ineligible for medical assistance by reason of
173.3 immigration status and who have incomes equal to or less than 200 percent of federal poverty
173.4 guidelines.

173.5 **EFFECTIVE DATE.** This section is effective January 1, 2025.

173.6 Sec. 22. Laws 2020, First Special Session chapter 7, section 1, subdivision 1, as amended
173.7 by Laws 2021, First Special Session chapter 7, article 2, section 71, and Laws 2022, chapter
173.8 98, article 4, section 49, is amended to read:

173.9 Subdivision 1. **Waivers and modifications; federal funding extension.** When the
173.10 peacetime emergency declared by the governor in response to the COVID-19 outbreak
173.11 expires, is terminated, or is rescinded by the proper authority, the following waivers and
173.12 modifications to human services programs issued by the commissioner of human services
173.13 pursuant to Executive Orders 20-11 and 20-12 may remain in effect for the time period set
173.14 out in applicable federal law or for the time period set out in any applicable federally
173.15 approved waiver or state plan amendment, whichever is later:

173.16 (1) CV15: allowing telephone or video visits for waiver programs;

173.17 (2) CV17: preserving health care coverage for Medical Assistance and MinnesotaCare
173.18 as needed to comply with federal guidance from the Centers for Medicare and Medicaid
173.19 Services until an enrollee's first renewal following the resumption of medical assistance
173.20 and MinnesotaCare renewals after March 31, 2023;

173.21 (3) CV18: implementation of federal changes to the Supplemental Nutrition Assistance
173.22 Program;

173.23 (4) CV20: eliminating cost-sharing for COVID-19 diagnosis and treatment;

173.24 (5) CV24: allowing telephone or video use for targeted case management visits;

173.25 (6) CV30: expanding telemedicine in health care, mental health, and substance use
173.26 disorder settings;

173.27 (7) CV37: implementation of federal changes to the Supplemental Nutrition Assistance
173.28 Program;

173.29 (8) CV39: implementation of federal changes to the Supplemental Nutrition Assistance
173.30 Program;

173.31 (9) CV42: implementation of federal changes to the Supplemental Nutrition Assistance
173.32 Program;

- 174.1 (10) CV43: expanding remote home and community-based waiver services;
- 174.2 (11) CV44: allowing remote delivery of adult day services;
- 174.3 (12) CV59: modifying eligibility period for the federally funded Refugee Cash Assistance
- 174.4 Program;
- 174.5 (13) CV60: modifying eligibility period for the federally funded Refugee Social Services
- 174.6 Program; and
- 174.7 (14) CV109: providing 15 percent increase for Minnesota Food Assistance Program and
- 174.8 Minnesota Family Investment Program maximum food benefits.

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

174.10 Sec. 23. Laws 2021, First Special Session chapter 7, article 1, section 36, is amended to

174.11 read:

174.12 Sec. 36. **RESPONSE TO COVID-19 PUBLIC HEALTH EMERGENCY.**

174.13 (a) Notwithstanding Minnesota Statutes, section 256B.057, subdivision 9, 256L.06,

174.14 subdivision 3, or any other provision to the contrary, the commissioner shall not collect any

174.15 unpaid premium for a coverage month ~~that occurred during the COVID-19 public health~~

174.16 ~~emergency declared by the United States Secretary of Health and Human Services~~ until

174.17 after an enrollee's first renewal following the resumption of medical assistance and

174.18 MinnesotaCare renewals after March 31, 2023.

174.19 (b) Notwithstanding any provision to the contrary, periodic data matching under

174.20 Minnesota Statutes, section 256B.0561, subdivision 2, may be suspended for up to ~~six~~ 12

174.21 ~~months following the last day of the COVID-19 public health emergency declared by the~~

174.22 ~~United States Secretary of Health and Human Services~~ resumption of medical assistance

174.23 and MinnesotaCare renewals after March 31, 2023.

174.24 (c) Notwithstanding any provision to the contrary, the requirement for the commissioner

174.25 of human services to issue an annual report on periodic data matching under Minnesota

174.26 Statutes, section 256B.0561, is suspended for one year following the last day of the

174.27 COVID-19 public health emergency declared by the United States Secretary of Health and

174.28 Human Services.

174.29 (d) For an individual enrolled in medical assistance as of March 31, 2023, assets

174.30 exceeding the limits established by Minnesota Statutes, section 256B.056, subdivision 3,

175.1 paragraph (a), must be disregarded until the individual's second annual renewal after the
175.2 resumption of renewals after March 31, 2023.

175.3 (e) The commissioner may temporarily adjust medical assistance eligibility verification
175.4 requirements as needed to comply with federal guidance and ensure a timely renewal process
175.5 for the period during which enrollees are subject to their first annual renewal after March
175.6 31, 2023. The commissioner shall implement sufficient controls to monitor the effectiveness
175.7 of verification adjustments and ensure program integrity.

175.8 (f) Notwithstanding any law to the contrary, the commissioner may temporarily extend
175.9 the time frame permitted to take final administrative action on fair hearing requests from
175.10 medical assistance recipients under Minnesota Statutes, section 256.045, until the end of
175.11 the 23rd month after the public health emergency for COVID-19, as declared by the United
175.12 States Secretary of Health and Human Services, ends. During this period, the commissioner
175.13 must:

175.14 (1) not delay resolving expedited fair hearings described in Code of Federal Regulations,
175.15 title 42, chapter IV, subchapter C, part 431, subpart E, section 431.224, paragraph (a);

175.16 (2) provide medical assistance benefits pending the outcome of a fair hearing decision
175.17 to any medical assistance recipient who requests a fair hearing within the time provided
175.18 under Minnesota Statutes, section 256.045, subdivision 3, paragraph (i), regardless of
175.19 whether the recipient has requested benefits pending the outcome of the fair hearing;

175.20 (3) reinstate medical assistance benefits retroactively to the date of agency action if the
175.21 recipient requests a fair hearing after the date of agency action and within the time provided
175.22 under Minnesota Statutes, section 256.045, subdivision 3, paragraph (i);

175.23 (4) take final administrative action within the maximum 90 days permitted under Code
175.24 of Federal Regulations, title 42, chapter IV, subchapter C, part 431, subpart E, section
175.25 431.244, paragraph (f)(1), for fair hearing requests where medical assistance benefits cannot
175.26 be provided pending the outcome of the fair hearing, such as a fair hearing challenging a
175.27 denial of eligibility for an applicant;

175.28 (5) not recoup or recover from the recipient the cost of medical assistance benefits
175.29 provided pending final administrative action, even if the agency action is sustained by the
175.30 hearing decision; and

175.31 (6) not use the authority under this paragraph as justification to delay taking final agency
175.32 action and only exceed the 90 days permitted for taking final agency action under Code of
175.33 Federal Regulations, title 42, chapter IV, subchapter C, part 431, subpart E, section 431.244,

176.1 paragraph (f)(1), to the extent the commissioner is unable to take timely final agency action
 176.2 on a given fair hearing request.

176.3 **EFFECTIVE DATE.** This section is effective the day following final enactment, or
 176.4 upon federal approval, whichever is later. The commissioner of human services shall notify
 176.5 the revisor of statutes when federal approval is obtained.

176.6 Sec. 24. Laws 2021, First Special Session chapter 7, article 6, section 26, is amended to
 176.7 read:

176.8 **Sec. 26. COMMISSIONER OF HUMAN SERVICES; EXTENSION OF COVID-19**
 176.9 **HUMAN SERVICES PROGRAM MODIFICATIONS.**

176.10 Notwithstanding Laws 2020, First Special Session chapter 7, section 1, subdivision 2,
 176.11 as amended by Laws 2020, Third Special Session chapter 1, section 3, when the peacetime
 176.12 emergency declared by the governor in response to the COVID-19 outbreak expires, is
 176.13 terminated, or is rescinded by the proper authority, the following modifications issued by
 176.14 the commissioner of human services pursuant to Executive Orders 20-11 and 20-12, and
 176.15 including any amendments to the modification issued before the peacetime emergency
 176.16 expires, shall remain in effect until July 1, ~~2023~~ 2025:

176.17 (1) CV16: expanding access to telemedicine services for Children's Health Insurance
 176.18 Program, Medical Assistance, and MinnesotaCare enrollees; and

176.19 (2) CV21: allowing telemedicine alternative for school-linked mental health services
 176.20 and intermediate school district mental health services.

176.21 **ARTICLE 9**

176.22 **MEDICAL EDUCATION AND RESEARCH COST ACCOUNT**

176.23 Section 1. Minnesota Statutes 2022, section 62J.692, subdivision 1, is amended to read:

176.24 Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions
 176.25 apply:

176.26 (b) "Accredited clinical training" means the clinical training provided by a medical
 176.27 education program that is accredited through an organization recognized by the Department
 176.28 of Education, the Centers for Medicare and Medicaid Services, or another national body
 176.29 who reviews the accrediting organizations for multiple disciplines and whose standards for
 176.30 recognizing accrediting organizations are reviewed and approved by the commissioner of
 176.31 health.

177.1 (c) "Commissioner" means the commissioner of health.

177.2 (d) "Clinical medical education program" means the accredited clinical training of
177.3 physicians (medical students and residents), doctor of pharmacy practitioners (pharmacy
177.4 students and residents), doctors of chiropractic, dentists (dental students and residents),
177.5 advanced practice registered nurses (clinical nurse specialists, certified registered nurse
177.6 anesthetists, nurse practitioners, and certified nurse midwives), physician assistants, dental
177.7 therapists and advanced dental therapists, psychologists, clinical social workers, community
177.8 paramedics, and community health workers.

177.9 (e) "Sponsoring institution" means a hospital, school, or consortium located in Minnesota
177.10 that sponsors and maintains primary organizational and financial responsibility for a clinical
177.11 medical education program in Minnesota and which is accountable to the accrediting body.

177.12 (f) "Teaching institution" means a hospital, medical center, clinic, or other organization
177.13 that conducts a clinical medical education program in Minnesota.

177.14 (g) "Trainee" means a student or resident involved in a clinical medical education
177.15 program.

177.16 (h) "Eligible trainee FTE's" means the number of trainees, as measured by full-time
177.17 equivalent counts, that are at training sites located in Minnesota with currently active medical
177.18 assistance enrollment status and a National Provider Identification (NPI) number where
177.19 training occurs in either an inpatient or ambulatory patient care setting and where the training
177.20 is funded, in part, by patient care revenues. Training that occurs in nursing facility settings
177.21 is not eligible for funding under this section.

177.22 Sec. 2. Minnesota Statutes 2022, section 62J.692, subdivision 3, is amended to read:

177.23 Subd. 3. **Application process.** (a) A clinical medical education program conducted in
177.24 Minnesota by a teaching institution to train physicians, doctor of pharmacy practitioners,
177.25 dentists, chiropractors, physician assistants, dental therapists and advanced dental therapists,
177.26 psychologists, clinical social workers, community paramedics, or community health workers
177.27 is eligible for funds under subdivision 4 if the program:

177.28 (1) is funded, in part, by patient care revenues;

177.29 (2) occurs in patient care settings that face increased financial pressure as a result of
177.30 competition with nonteaching patient care entities; and

177.31 (3) emphasizes primary care or specialties that are in undersupply in Minnesota.

178.1 (b) A clinical medical education program for advanced practice nursing is eligible for
178.2 funds under subdivision 4 if the program meets the eligibility requirements in paragraph
178.3 (a), clauses (1) to (3), and is sponsored by the University of Minnesota Academic Health
178.4 Center, the Mayo Foundation, or institutions that are part of the Minnesota State Colleges
178.5 and Universities system or members of the Minnesota Private College Council.

178.6 (c) Applications must be submitted to the commissioner by a sponsoring institution on
178.7 behalf of an eligible clinical medical education program ~~and must be received by October~~
178.8 ~~31 of each year for distribution in the following year~~ on a timeline determined by the
178.9 commissioner. An application for funds must contain the following information: information
178.10 the commissioner deems necessary to determine program eligibility based on the criteria
178.11 in paragraphs (a) and (b) and to ensure the equitable distribution of funds.

178.12 ~~(1) the official name and address of the sponsoring institution and the official name and~~
178.13 ~~site address of the clinical medical education programs on whose behalf the sponsoring~~
178.14 ~~institution is applying;~~

178.15 ~~(2) the name, title, and business address of those persons responsible for administering~~
178.16 ~~the funds;~~

178.17 ~~(3) for each clinical medical education program for which funds are being sought; the~~
178.18 ~~type and specialty orientation of trainees in the program; the name, site address, and medical~~
178.19 ~~assistance provider number and national provider identification number of each training~~
178.20 ~~site used in the program; the federal tax identification number of each training site used in~~
178.21 ~~the program, where available; the total number of trainees at each training site; and the total~~
178.22 ~~number of eligible trainee FTEs at each site; and~~

178.23 ~~(4) other supporting information the commissioner deems necessary to determine program~~
178.24 ~~eligibility based on the criteria in paragraphs (a) and (b) and to ensure the equitable~~
178.25 ~~distribution of funds.~~

178.26 ~~(d) An application must include the information specified in clauses (1) to (3) for each~~
178.27 ~~clinical medical education program on an annual basis for three consecutive years. After~~
178.28 ~~that time, an application must include the information specified in clauses (1) to (3) when~~
178.29 ~~requested, at the discretion of the commissioner:~~

178.30 ~~(1) audited clinical training costs per trainee for each clinical medical education program~~
178.31 ~~when available or estimates of clinical training costs based on audited financial data;~~

179.1 ~~(2) a description of current sources of funding for clinical medical education costs,~~
 179.2 ~~including a description and dollar amount of all state and federal financial support, including~~
 179.3 ~~Medicare direct and indirect payments; and~~

179.4 ~~(3) other revenue received for the purposes of clinical training.~~

179.5 ~~(e)~~ (d) An applicant that does not provide information requested by the commissioner
 179.6 shall not be eligible for funds for the ~~current~~ applicable funding cycle.

179.7 Sec. 3. Minnesota Statutes 2022, section 62J.692, subdivision 4, is amended to read:

179.8 Subd. 4. **Distribution of funds.** (a) The commissioner shall annually distribute ~~the~~
 179.9 ~~available medical education funds~~ revenue credited or money transferred to the medical
 179.10 education and research cost account under subdivision 8 and section 297F.10, subdivision
 179.11 1, clause (2), to all qualifying applicants based on a public program volume factor, which
 179.12 is determined by the total volume of public program revenue received by each training site
 179.13 as a percentage of all public program revenue received by all training sites in the fund pool.

179.14 Public program revenue for the distribution formula includes revenue from medical
 179.15 assistance and prepaid medical assistance. Training sites that receive no public program
 179.16 revenue are ineligible for funds available under this subdivision. ~~For purposes of determining~~
 179.17 ~~training site level grants to be distributed under this paragraph, total statewide average costs~~
 179.18 ~~per trainee for medical residents is based on audited clinical training costs per trainee in~~
 179.19 ~~primary care clinical medical education programs for medical residents. Total statewide~~
 179.20 ~~average costs per trainee for dental residents is based on audited clinical training costs per~~
 179.21 ~~trainee in clinical medical education programs for dental students. Total statewide average~~
 179.22 ~~costs per trainee for pharmacy residents is based on audited clinical training costs per trainee~~
 179.23 ~~in clinical medical education programs for pharmacy students.~~

179.24 Training sites whose training site level grant is less than \$5,000, based on the ~~formula~~
 179.25 formulas described in this ~~paragraph~~ subdivision, or that train fewer than 0.1 FTE eligible
 179.26 trainees, are ineligible for funds available under this subdivision. No training sites shall
 179.27 receive a grant per FTE trainee that is in excess of the 95th percentile grant per FTE across
 179.28 all eligible training sites; grants in excess of this amount will be redistributed to other eligible
 179.29 sites based on the ~~formula~~ formulas described in this ~~paragraph~~ subdivision.

179.30 (b) ~~For funds distributed in fiscal years 2014 and 2015, the distribution formula shall~~
 179.31 ~~include a supplemental public program volume factor, which is determined by providing a~~
 179.32 ~~supplemental payment to training sites whose public program revenue accounted for at least~~
 179.33 ~~0.98 percent of the total public program revenue received by all eligible training sites. The~~

180.1 ~~supplemental public program volume factor shall be equal to ten percent of each training~~
180.2 ~~site's grant for funds distributed in fiscal year 2014 and for funds distributed in fiscal year~~
180.3 ~~2015. Grants to training sites whose public program revenue accounted for less than 0.98~~
180.4 ~~percent of the total public program revenue received by all eligible training sites shall be~~
180.5 ~~reduced by an amount equal to the total value of the supplemental payment. For fiscal year~~
180.6 ~~2016 and beyond, the distribution of funds shall be based solely on the public program~~
180.7 ~~volume factor as described in paragraph (a).~~ Money appropriated through the state general
180.8 fund, the health care access fund, and any additional fund for the purpose of funding medical
180.9 education and research costs and that does not require federal approval must be awarded
180.10 only to eligible training sites who do not qualify for a medical education and research cost
180.11 rate factor under sections 256.969, subdivision 2b, paragraph (k), or 256B.75, paragraph
180.12 (b). The commissioner shall distribute the available medical education money appropriated
180.13 to eligible training sites that do not qualify for a medical education and research cost rate
180.14 factor based on a distribution formula determined by the commissioner. The distribution
180.15 formula under this paragraph must consider clinical training costs, public program revenues,
180.16 and other factors identified by the commissioner that address the objective of supporting
180.17 clinical training.

180.18 (c) Funds distributed shall not be used to displace current funding appropriations from
180.19 federal or state sources.

180.20 (d) Funds shall be distributed to the sponsoring institutions indicating the amount to be
180.21 distributed to each of the sponsor's clinical medical education programs based on the criteria
180.22 in this subdivision and in accordance with the commissioner's approval letter. Each clinical
180.23 medical education program must distribute funds allocated under paragraphs (a) and (b) to
180.24 the training sites as specified in the commissioner's approval letter. Sponsoring institutions,
180.25 which are accredited through an organization recognized by the Department of Education
180.26 or the Centers for Medicare and Medicaid Services, may contract directly with training sites
180.27 to provide clinical training. To ensure the quality of clinical training, those accredited
180.28 sponsoring institutions must:

180.29 (1) develop contracts specifying the terms, expectations, and outcomes of the clinical
180.30 training conducted at sites; and

180.31 (2) take necessary action if the contract requirements are not met. Action may include
180.32 ~~the withholding of payments~~ disqualifying the training site under this section or the removal
180.33 of students from the site.

181.1 (e) Use of funds is limited to expenses related to eligible clinical training ~~program~~ costs
 181.2 ~~for eligible programs.~~ The commissioner shall develop a methodology for determining
 181.3 eligible costs.

181.4 (f) Any funds ~~not~~ that cannot be distributed in accordance with the commissioner's
 181.5 approval letter must be returned to the medical education and research fund within 30 days
 181.6 of receiving notice from the commissioner. ~~The commissioner shall distribute returned~~
 181.7 ~~funds to the appropriate training sites in accordance with the commissioner's approval letter.~~
 181.8 When appropriate, the commissioner shall include the undistributed money in the subsequent
 181.9 distribution cycle using the applicable methodology described in this subdivision.

181.10 ~~(g) A maximum of \$150,000 of the funds dedicated to the commissioner under section~~
 181.11 ~~297F.10, subdivision 1, clause (2), may be used by the commissioner for administrative~~
 181.12 ~~expenses associated with implementing this section.~~

181.13 Sec. 4. Minnesota Statutes 2022, section 62J.692, subdivision 5, is amended to read:

181.14 Subd. 5. **Report.** (a) Sponsoring institutions receiving funds under this section must
 181.15 ~~sign and~~ submit a medical education grant verification report (GVR) to verify that the correct
 181.16 grant amount was forwarded to each eligible training site. ~~If the sponsoring institution fails~~
 181.17 ~~to submit the GVR by the stated deadline, or to request and meet the deadline for an~~
 181.18 ~~extension, the sponsoring institution is required to return the full amount of funds received~~
 181.19 ~~to the commissioner within 30 days of receiving notice from the commissioner. The~~
 181.20 ~~commissioner shall distribute returned funds to the appropriate training sites in accordance~~
 181.21 ~~with the commissioner's approval letter.~~

181.22 (b) The reports must provide verification of the distribution of the funds and must include:

181.23 ~~(1) the total number of eligible trainee FTEs in each clinical medical education program;~~

181.24 ~~(2) the name of each funded program and, for each program, the dollar amount distributed~~
 181.25 ~~to each training site and a training site expenditure report;~~

181.26 ~~(3)~~ (1) documentation of any discrepancies between the ~~initial~~ grant distribution notice
 181.27 included in the commissioner's approval letter and the actual distribution;

181.28 ~~(4)~~ (2) a statement by the sponsoring institution stating that the completed grant
 181.29 verification report is valid and accurate; and

181.30 ~~(5)~~ (3) other information the commissioner deems appropriate to evaluate the effectiveness
 181.31 of the use of funds for medical education.

182.1 ~~(e) Each year, the commissioner shall provide an annual summary report to the legislature~~
182.2 ~~on the implementation of this section. This report is exempt from section 144.05, subdivision~~
182.3 ~~7.~~

182.4 Sec. 5. Minnesota Statutes 2022, section 62J.692, subdivision 8, is amended to read:

182.5 Subd. 8. **Federal financial participation.** The commissioner of human services shall
182.6 seek to maximize federal financial participation in payments for the dedicated revenue for
182.7 medical education and research costs provided under section 297F.10, subdivision 1, clause
182.8 (2).

182.9 ~~The commissioner shall use physician clinic rates where possible to maximize federal~~
182.10 ~~financial participation. Any additional funds that become available must be distributed under~~
182.11 ~~subdivision 4, paragraph (a).~~

182.12 Sec. 6. Minnesota Statutes 2022, section 256.969, subdivision 2b, is amended to read:

182.13 Subd. 2b. **Hospital payment rates.** (a) For discharges occurring on or after November
182.14 1, 2014, hospital inpatient services for hospitals located in Minnesota shall be paid according
182.15 to the following:

182.16 (1) critical access hospitals as defined by Medicare shall be paid using a cost-based
182.17 methodology;

182.18 (2) long-term hospitals as defined by Medicare shall be paid on a per diem methodology
182.19 under subdivision 25;

182.20 (3) rehabilitation hospitals or units of hospitals that are recognized as rehabilitation
182.21 distinct parts as defined by Medicare shall be paid according to the methodology under
182.22 subdivision 12; and

182.23 (4) all other hospitals shall be paid on a diagnosis-related group (DRG) methodology.

182.24 (b) For the period beginning January 1, 2011, through October 31, 2014, rates shall not
182.25 be rebased, except that a Minnesota long-term hospital shall be rebased effective January
182.26 1, 2011, based on its most recent Medicare cost report ending on or before September 1,
182.27 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on
182.28 December 31, 2010. For rate setting periods after November 1, 2014, in which the base
182.29 years are updated, a Minnesota long-term hospital's base year shall remain within the same
182.30 period as other hospitals.

183.1 (c) Effective for discharges occurring on and after November 1, 2014, payment rates
183.2 for hospital inpatient services provided by hospitals located in Minnesota or the local trade
183.3 area, except for the hospitals paid under the methodologies described in paragraph (a),
183.4 clauses (2) and (3), shall be rebased, incorporating cost and payment methodologies in a
183.5 manner similar to Medicare. The base year or years for the rates effective November 1,
183.6 2014, shall be calendar year 2012. The rebasing under this paragraph shall be budget neutral,
183.7 ensuring that the total aggregate payments under the rebased system are equal to the total
183.8 aggregate payments that were made for the same number and types of services in the base
183.9 year. Separate budget neutrality calculations shall be determined for payments made to
183.10 critical access hospitals and payments made to hospitals paid under the DRG system. Only
183.11 the rate increases or decreases under subdivision 3a or 3c that applied to the hospitals being
183.12 rebased during the entire base period shall be incorporated into the budget neutrality
183.13 calculation.

183.14 (d) For discharges occurring on or after November 1, 2014, through the next rebasing
183.15 that occurs, the rebased rates under paragraph (c) that apply to hospitals under paragraph
183.16 (a), clause (4), shall include adjustments to the projected rates that result in no greater than
183.17 a five percent increase or decrease from the base year payments for any hospital. Any
183.18 adjustments to the rates made by the commissioner under this paragraph and paragraph (e)
183.19 shall maintain budget neutrality as described in paragraph (c).

183.20 (e) For discharges occurring on or after November 1, 2014, the commissioner may make
183.21 additional adjustments to the rebased rates, and when evaluating whether additional
183.22 adjustments should be made, the commissioner shall consider the impact of the rates on the
183.23 following:

183.24 (1) pediatric services;

183.25 (2) behavioral health services;

183.26 (3) trauma services as defined by the National Uniform Billing Committee;

183.27 (4) transplant services;

183.28 (5) obstetric services, newborn services, and behavioral health services provided by
183.29 hospitals outside the seven-county metropolitan area;

183.30 (6) outlier admissions;

183.31 (7) low-volume providers; and

183.32 (8) services provided by small rural hospitals that are not critical access hospitals.

184.1 (f) Hospital payment rates established under paragraph (c) must incorporate the following:

184.2 (1) for hospitals paid under the DRG methodology, the base year payment rate per
184.3 admission is standardized by the applicable Medicare wage index and adjusted by the
184.4 hospital's disproportionate population adjustment;

184.5 (2) for critical access hospitals, payment rates for discharges between November 1, 2014,
184.6 and June 30, 2015, shall be set to the same rate of payment that applied for discharges on
184.7 October 31, 2014;

184.8 (3) the cost and charge data used to establish hospital payment rates must only reflect
184.9 inpatient services covered by medical assistance; and

184.10 (4) in determining hospital payment rates for discharges occurring on or after the rate
184.11 year beginning January 1, 2011, through December 31, 2012, the hospital payment rate per
184.12 discharge shall be based on the cost-finding methods and allowable costs of the Medicare
184.13 program in effect during the base year or years. In determining hospital payment rates for
184.14 discharges in subsequent base years, the per discharge rates shall be based on the cost-finding
184.15 methods and allowable costs of the Medicare program in effect during the base year or
184.16 years.

184.17 (g) The commissioner shall validate the rates effective November 1, 2014, by applying
184.18 the rates established under paragraph (c), and any adjustments made to the rates under
184.19 paragraph (d) or (e), to hospital claims paid in calendar year 2013 to determine whether the
184.20 total aggregate payments for the same number and types of services under the rebased rates
184.21 are equal to the total aggregate payments made during calendar year 2013.

184.22 (h) Effective for discharges occurring on or after July 1, 2017, and every two years
184.23 thereafter, payment rates under this section shall be rebased to reflect only those changes
184.24 in hospital costs between the existing base year or years and the next base year or years. In
184.25 any year that inpatient claims volume falls below the threshold required to ensure a
184.26 statistically valid sample of claims, the commissioner may combine claims data from two
184.27 consecutive years to serve as the base year. Years in which inpatient claims volume is
184.28 reduced or altered due to a pandemic or other public health emergency shall not be used as
184.29 a base year or part of a base year if the base year includes more than one year. Changes in
184.30 costs between base years shall be measured using the lower of the hospital cost index defined
184.31 in subdivision 1, paragraph (a), or the percentage change in the case mix adjusted cost per
184.32 claim. The commissioner shall establish the base year for each rebasing period considering
184.33 the most recent year or years for which filed Medicare cost reports are available. The
184.34 estimated change in the average payment per hospital discharge resulting from a scheduled

185.1 rebasing must be calculated and made available to the legislature by January 15 of each
185.2 year in which rebasing is scheduled to occur, and must include by hospital the differential
185.3 in payment rates compared to the individual hospital's costs.

185.4 (i) Effective for discharges occurring on or after July 1, 2015, inpatient payment rates
185.5 for critical access hospitals located in Minnesota or the local trade area shall be determined
185.6 using a new cost-based methodology. The commissioner shall establish within the
185.7 methodology tiers of payment designed to promote efficiency and cost-effectiveness.
185.8 Payment rates for hospitals under this paragraph shall be set at a level that does not exceed
185.9 the total cost for critical access hospitals as reflected in base year cost reports. Until the
185.10 next rebasing that occurs, the new methodology shall result in no greater than a five percent
185.11 decrease from the base year payments for any hospital, except a hospital that had payments
185.12 that were greater than 100 percent of the hospital's costs in the base year shall have their
185.13 rate set equal to 100 percent of costs in the base year. The rates paid for discharges on and
185.14 after July 1, 2016, covered under this paragraph shall be increased by the inflation factor
185.15 in subdivision 1, paragraph (a). The new cost-based rate shall be the final rate and shall not
185.16 be settled to actual incurred costs. Hospitals shall be assigned a payment tier based on the
185.17 following criteria:

185.18 (1) hospitals that had payments at or below 80 percent of their costs in the base year
185.19 shall have a rate set that equals 85 percent of their base year costs;

185.20 (2) hospitals that had payments that were above 80 percent, up to and including 90
185.21 percent of their costs in the base year shall have a rate set that equals 95 percent of their
185.22 base year costs; and

185.23 (3) hospitals that had payments that were above 90 percent of their costs in the base year
185.24 shall have a rate set that equals 100 percent of their base year costs.

185.25 (j) The commissioner may refine the payment tiers and criteria for critical access hospitals
185.26 to coincide with the next rebasing under paragraph (h). The factors used to develop the new
185.27 methodology may include, but are not limited to:

185.28 (1) the ratio between the hospital's costs for treating medical assistance patients and the
185.29 hospital's charges to the medical assistance program;

185.30 (2) the ratio between the hospital's costs for treating medical assistance patients and the
185.31 hospital's payments received from the medical assistance program for the care of medical
185.32 assistance patients;

186.1 (3) the ratio between the hospital's charges to the medical assistance program and the
186.2 hospital's payments received from the medical assistance program for the care of medical
186.3 assistance patients;

186.4 (4) the statewide average increases in the ratios identified in clauses (1), (2), and (3);

186.5 (5) the proportion of that hospital's costs that are administrative and trends in
186.6 administrative costs; and

186.7 (6) geographic location.

186.8 (k) Effective for discharges occurring on or after January 1, 2024, the rates paid to
186.9 hospitals described in paragraph (a), clauses (2) to (4), must include a rate factor specific
186.10 to each hospital that qualifies for a medical education and research cost distribution under
186.11 section 62J.692 subdivision 4, paragraph (a).

186.12 (l) By [month] [date], [year], the commissioner shall make a one-time supplemental
186.13 payment to each hospital that qualifies for a medical education and research cost distribution
186.14 under section 62J.692, subdivision 4, paragraph (a), in an amount sufficient to cover the
186.15 six-month funding gap created by the effective date of paragraph (k) in the last six months
186.16 of calendar year 2023.

186.17 Sec. 7. Minnesota Statutes 2022, section 256B.75, is amended to read:

186.18 **256B.75 HOSPITAL OUTPATIENT REIMBURSEMENT.**

186.19 (a) For outpatient hospital facility fee payments for services rendered on or after October
186.20 1, 1992, the commissioner of human services shall pay the lower of (1) submitted charge,
186.21 or (2) 32 percent above the rate in effect on June 30, 1992, except for those services for
186.22 which there is a federal maximum allowable payment. Effective for services rendered on
186.23 or after January 1, 2000, payment rates for nonsurgical outpatient hospital facility fees and
186.24 emergency room facility fees shall be increased by eight percent over the rates in effect on
186.25 December 31, 1999, except for those services for which there is a federal maximum allowable
186.26 payment. Services for which there is a federal maximum allowable payment shall be paid
186.27 at the lower of (1) submitted charge, or (2) the federal maximum allowable payment. Total
186.28 aggregate payment for outpatient hospital facility fee services shall not exceed the Medicare
186.29 upper limit. If it is determined that a provision of this section conflicts with existing or
186.30 future requirements of the United States government with respect to federal financial
186.31 participation in medical assistance, the federal requirements prevail. The commissioner
186.32 may, in the aggregate, prospectively reduce payment rates to avoid reduced federal financial
186.33 participation resulting from rates that are in excess of the Medicare upper limitations.

187.1 (b) Notwithstanding paragraph (a), payment for outpatient, emergency, and ambulatory
187.2 surgery hospital facility fee services for critical access hospitals designated under section
187.3 144.1483, clause (9), shall be paid on a cost-based payment system that is based on the
187.4 cost-finding methods and allowable costs of the Medicare program. Effective for services
187.5 provided on or after July 1, 2015, rates established for critical access hospitals under this
187.6 paragraph for the applicable payment year shall be the final payment and shall not be settled
187.7 to actual costs. Effective for services delivered on or after the first day of the hospital's fiscal
187.8 year ending in 2017, the rate for outpatient hospital services shall be computed using
187.9 information from each hospital's Medicare cost report as filed with Medicare for the year
187.10 that is two years before the year that the rate is being computed. Rates shall be computed
187.11 using information from Worksheet C series until the department finalizes the medical
187.12 assistance cost reporting process for critical access hospitals. After the cost reporting process
187.13 is finalized, rates shall be computed using information from Title XIX Worksheet D series.
187.14 The outpatient rate shall be equal to ancillary cost plus outpatient cost, excluding costs
187.15 related to rural health clinics and federally qualified health clinics, divided by ancillary
187.16 charges plus outpatient charges, excluding charges related to rural health clinics and federally
187.17 qualified health clinics. Effective for services delivered on or after January 1, 2024, the
187.18 rates paid to critical access hospitals under this section must be adjusted to include the
187.19 amount of any distributions under section 62J.692, subdivision 4, paragraph (a), that were
187.20 not included in the rate adjustment described under section 256.969, subdivision 2b,
187.21 paragraph (k).

187.22 (c) Effective for services provided on or after July 1, 2003, rates that are based on the
187.23 Medicare outpatient prospective payment system shall be replaced by a budget neutral
187.24 prospective payment system that is derived using medical assistance data. The commissioner
187.25 shall provide a proposal to the 2003 legislature to define and implement this provision.
187.26 When implementing prospective payment methodologies, the commissioner shall use general
187.27 methods and rate calculation parameters similar to the applicable Medicare prospective
187.28 payment systems for services delivered in outpatient hospital and ambulatory surgical center
187.29 settings unless other payment methodologies for these services are specified in this chapter.

187.30 (d) For fee-for-service services provided on or after July 1, 2002, the total payment,
187.31 before third-party liability and spenddown, made to hospitals for outpatient hospital facility
187.32 services is reduced by .5 percent from the current statutory rate.

187.33 (e) In addition to the reduction in paragraph (d), the total payment for fee-for-service
187.34 services provided on or after July 1, 2003, made to hospitals for outpatient hospital facility
187.35 services before third-party liability and spenddown, is reduced five percent from the current

188.1 statutory rates. Facilities defined under section 256.969, subdivision 16, are excluded from
188.2 this paragraph.

188.3 (f) In addition to the reductions in paragraphs (d) and (e), the total payment for
188.4 fee-for-service services provided on or after July 1, 2008, made to hospitals for outpatient
188.5 hospital facility services before third-party liability and spenddown, is reduced three percent
188.6 from the current statutory rates. Mental health services and facilities defined under section
188.7 256.969, subdivision 16, are excluded from this paragraph.

188.8 Sec. 8. Minnesota Statutes 2022, section 297F.10, subdivision 1, is amended to read:

188.9 Subdivision 1. **Tax and use tax on cigarettes.** Revenue received from cigarette taxes,
188.10 as well as related penalties, interest, license fees, and miscellaneous sources of revenue
188.11 shall be deposited by the commissioner in the state treasury and credited as follows:

188.12 (1) \$22,250,000 each year must be credited to the Academic Health Center special
188.13 revenue fund hereby created and is annually appropriated to the Board of Regents at the
188.14 University of Minnesota for Academic Health Center funding at the University of Minnesota;
188.15 and

188.16 (2) ~~\$3,937,000~~ \$3,788,000 each year must be credited to the medical education and
188.17 research costs account hereby created in the special revenue fund and is annually appropriated
188.18 to the commissioner of health for distribution under section 62J.692, subdivision 4, paragraph
188.19 (a); and

188.20 (3) the balance of the revenues derived from taxes, penalties, and interest (under this
188.21 chapter) and from license fees and miscellaneous sources of revenue shall be credited to
188.22 the general fund.

188.23 Sec. 9. **REPEALER.**

188.24 Minnesota Statutes 2022, sections 62J.692, subdivisions 4a, 7, and 7a; 137.38, subdivision
188.25 1; and 256B.69, subdivision 5c, are repealed.

188.26 ARTICLE 10

188.27 MINNESOTACARE PUBLIC OPTION

188.28 Section 1. Minnesota Statutes 2022, section 256L.04, subdivision 1c, is amended to read:

188.29 Subd. 1c. **General requirements.** To be eligible for MinnesotaCare, a person must meet
188.30 the eligibility requirements of this section. A person eligible for MinnesotaCare with an
188.31 income less than or equal to 200 percent of the federal poverty guidelines shall not be

189.1 considered a qualified individual under section 1312 of the Affordable Care Act, and is not
189.2 eligible for enrollment in a qualified health plan offered through MNsure under chapter
189.3 62V.

189.4 **EFFECTIVE DATE.** This section is effective January 1, 2027, or upon federal approval,
189.5 whichever is later. The commissioner of human services shall notify the revisor of statutes
189.6 when federal approval is obtained.

189.7 Sec. 2. Minnesota Statutes 2022, section 256L.04, subdivision 7a, is amended to read:

189.8 Subd. 7a. **Ineligibility.** Adults whose income is greater than the limits established under
189.9 this section may not enroll in the MinnesotaCare program, except as provided in subdivision
189.10 15.

189.11 **EFFECTIVE DATE.** This section is effective January 1, 2027, or upon federal approval,
189.12 whichever is later. The commissioner of human services shall notify the revisor of statutes
189.13 when federal approval is obtained.

189.14 Sec. 3. Minnesota Statutes 2022, section 256L.04, is amended by adding a subdivision to
189.15 read:

189.16 Subd. 15. **Persons eligible for buy-in option.** (a) Families and individuals with income
189.17 above the maximum income eligibility limit specified in subdivision 1 or 7, including those
189.18 with access to employer-sponsored coverage as defined by section 256L.07, subdivision 2,
189.19 but who meet all other MinnesotaCare eligibility requirements are eligible for the buy-in
189.20 option. All other provisions of this chapter apply unless otherwise specified.

189.21 (b) Families and individuals may enroll in MinnesotaCare under this subdivision only
189.22 during an annual open enrollment period or special enrollment period, as designated by
189.23 MNsure and in compliance with Code of Federal Regulations, title 45, parts 155.410 and
189.24 155.420.

189.25 **EFFECTIVE DATE.** This section is effective January 1, 2027, or upon federal approval,
189.26 whichever is later. The commissioner of human services shall notify the revisor of statutes
189.27 when federal approval is obtained.

189.28 Sec. 4. Minnesota Statutes 2022, section 256L.07, subdivision 1, is amended to read:

189.29 Subdivision 1. **General requirements.** Individuals enrolled in MinnesotaCare under
189.30 section 256L.04, subdivision 1, and individuals enrolled in MinnesotaCare under section
189.31 256L.04, subdivision 7, whose income increases above 200 percent of the federal poverty

190.1 guidelines, are no longer eligible for the program and shall be disenrolled by the
 190.2 commissioner, unless they continue MinnesotaCare enrollment through the buy-in option
 190.3 under section 256L.04, subdivision 15. For persons disenrolled under this subdivision,
 190.4 MinnesotaCare coverage terminates the last day of the calendar month in which the
 190.5 commissioner sends advance notice according to Code of Federal Regulations, title 42,
 190.6 section 431.211, that indicates the income of a family or individual exceeds program income
 190.7 limits.

190.8 **EFFECTIVE DATE.** This section is effective January 1, 2027, or upon federal approval,
 190.9 whichever is later. The commissioner of human services shall notify the revisor of statutes
 190.10 when federal approval is obtained.

190.11 Sec. 5. Minnesota Statutes 2022, section 256L.15, subdivision 2, is amended to read:

190.12 Subd. 2. **Sliding fee scale; monthly individual or family income.** (a) The commissioner
 190.13 shall establish a sliding fee scale to determine the percentage of monthly individual or family
 190.14 income that households at different income levels must pay to obtain coverage through the
 190.15 MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly
 190.16 individual or family income.

190.17 (b) Beginning January 1, 2014, MinnesotaCare enrollees shall pay premiums according
 190.18 to the premium scale specified in paragraph (d), subject to the federal compliance
 190.19 requirements in paragraphs (e) and (f).

190.20 (c) Paragraph (b) does not apply to:

190.21 (1) children 20 years of age or younger; and

190.22 (2) individuals with household incomes below 35 percent of the federal poverty
 190.23 guidelines.

190.24 (d) The following premium scale is established for each individual in the household who
 190.25 is 21 years of age or older and enrolled in MinnesotaCare:

	Federal Poverty Guideline Greater than or Equal to	Less than	Individual Premium Amount
190.28	35%	55%	\$4
190.29	55%	80%	\$6
190.30	80%	90%	\$8
190.31	90%	100%	\$10
190.32	100%	110%	\$12
190.33	110%	120%	\$14

191.1	120%	130%	\$15
191.2	130%	140%	\$16
191.3	140%	150%	\$25
191.4	150%	160%	\$37
191.5	160%	170%	\$44
191.6	170%	180%	\$52
191.7	180%	190%	\$61
191.8	190%	200%	\$71
191.9	200%		\$80

191.10 (e) Beginning January 1, 2021, the commissioner shall adjust the premium scale
 191.11 established under paragraph (d) to ensure that premiums do not exceed the amount that an
 191.12 individual would have been required to pay if the individual was enrolled in an applicable
 191.13 benchmark plan in accordance with the Code of Federal Regulations, title 42, section 600.505
 191.14 (a)(1).

191.15 (f) Notwithstanding the premium scale established under paragraph (d), the commissioner
 191.16 shall continue to charge premiums in accordance with the simplified premium scale
 191.17 established to comply with the American Rescue Plan Act of 2021, as amended by the
 191.18 Inflation Reduction Act of 2022, and in effect from January 1, 2021, to December 31, 2025,
 191.19 for families and individuals eligible under section 256L.04, subdivisions 1 and 7. The
 191.20 commissioner shall further adjust the premium scale established under paragraph (d) to
 191.21 ensure compliance with paragraph (e) as needed in response to changes in federal law.

191.22 (g) The commissioner shall establish a sliding premium scale for persons eligible through
 191.23 the buy-in option under section 256L.04, subdivision 15. Beginning January 1, 2027, persons
 191.24 eligible through the buy-in option shall pay premiums according to the premium scale
 191.25 established by the commissioner. Persons 20 years of age or younger are exempt from
 191.26 paying premiums.

191.27 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
 191.28 that the premium scale established under paragraph (g) is effective January 1, 2027, or upon
 191.29 federal approval, whichever is later. The commissioner of human services shall notify the
 191.30 revisor of statutes when federal approval is obtained.

191.31 **Sec. 6. TRANSITION TO MINNESOTACARE BUY-IN OPTION.**

191.32 (a) The commissioner of human services shall continue to administer MinnesotaCare
 191.33 as a basic health program in accordance with Minnesota Statutes, section 256L.02,
 191.34 subdivision 5.

192.1 (b) By January 1, 2027, the commissioner of human services shall implement a buy-in
 192.2 option that allows individuals with income over 200 percent of the federal poverty guidelines
 192.3 to be eligible for MinnesotaCare.

192.4 (c) By December 15, 2024, the commissioner shall present an implementation plan for
 192.5 the MinnesotaCare buy-in option under Minnesota Statutes, section 256L.04, subdivision
 192.6 15, as well as any additional legislative changes needed for implementation, to the chairs
 192.7 and ranking minority members of the legislative committees with jurisdiction over health
 192.8 care policy and finance.

192.9 (d) The commissioner of human services shall seek any federal waivers, approvals, and
 192.10 law changes necessary to implement a MinnesotaCare buy-in option, including but not
 192.11 limited to any waivers, approvals, or law changes necessary to allow:

192.12 (1) the state to continue to receive federal basic health program payments for basic health
 192.13 program-eligible MinnesotaCare enrollees and to receive other federal funding for the
 192.14 MinnesotaCare public option; and

192.15 (2) the state to receive federal payments equal to the value of premium tax credits and
 192.16 cost-sharing reductions that MinnesotaCare enrollees with household incomes greater than
 192.17 200 percent of the federal poverty guidelines would have otherwise received.

192.18 (e) In implementing this section, the commissioner of human services shall consult with
 192.19 the commissioner of commerce and the board of directors of MNsure and may contract for
 192.20 technical and actuarial assistance.

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

192.22 **ARTICLE 11**

192.23 **TRIBAL ELDER OFFICE**

192.24 **Section 1. [256.9747] TRIBAL LONG-TERM SERVICES AND SUPPORTS OFFICE.**

192.25 (a) The commissioner of human services shall establish a Tribal Long-Term Services
 192.26 and Supports Office to promote and facilitate the sovereignty of Minnesota's Tribal Nations,
 192.27 and to support the consultation duties of the government-to-government relationship with
 192.28 the state and Tribal governments, as set forth in section 10.65.

192.29 (b) The purpose of the Tribal Long-Term Services and Supports Office is to demonstrate
 192.30 respect for the sovereign status of Minnesota's Tribal Nations by:

192.31 (1) supporting Tribal Nations by delivering tailored technical assistance to bolster Tribes'
 192.32 ability to deliver long-term services and supports;

193.1 (2) maximizing access to federal funds and leveraging other resources available to Tribal
 193.2 Nations, including but not limited to assisting Minnesota Tribal Nations access to Title VI
 193.3 of the Older Americans Act; and

193.4 (3) increasing access to culturally appropriate health care for Tribes and members.

193.5 **Sec. 2. [256.9748] TRIBAL LONG-TERM SERVICES AND SUPPORTS ADVISORY**
 193.6 **COUNCIL.**

193.7 Subdivision 1. **Establishment.** A Tribal Long-Term Services and Supports Advisory
 193.8 Council is created to assist the state authority on developing policies, procedures, and
 193.9 enhanced programs to support older adults and people with a variety of disabilities, including
 193.10 but not limited to developmental disabilities, chronic medical conditions, acquired or
 193.11 traumatic brain injuries, and physical disabilities.

193.12 Subd. 2. **Membership terms, compensation, removal, and expiration.** (a) The council
 193.13 must consist of the following 11 voting members appointed by the commissioner:

193.14 (1) an American Indian representing the Red Lake Band of Chippewa Indians;

193.15 (2) an American Indian representing the Fond du Lac Band, Minnesota Chippewa Tribe;

193.16 (3) an American Indian representing the Grand Portage Band, Minnesota Chippewa
 193.17 Tribe;

193.18 (4) an American Indian representing the Leech Lake Band, Minnesota Chippewa Tribe;

193.19 (5) an American Indian representing the Mille Lacs Band, Minnesota Chippewa Tribe;

193.20 (6) an American Indian representing the Bois Forte Band, Minnesota Chippewa Tribe;

193.21 (7) an American Indian representing the White Earth Band, Minnesota Chippewa Tribe;

193.22 (8) an American Indian representing the Lower Sioux Indian Reservation;

193.23 (9) an American Indian representing the Prairie Island Sioux Indian Reservation;

193.24 (10) an American Indian representing the Shakopee Mdewakanton Sioux Indian
 193.25 Reservation; and

193.26 (11) an American Indian representing the Upper Sioux Indian Reservation.

193.27 (b) The terms, compensation, and removal of Tribal Long-Term Services and Supports
 193.28 Advisory Council members must be as provided in section 15.059.

194.1 Sec. 3. Minnesota Statutes 2022, section 256B.0924, subdivision 5, is amended to read:

194.2 Subd. 5. **Provider standards.** County boards, Tribal Nations, or providers who contract
194.3 with the county are eligible to receive medical assistance reimbursement for adult targeted
194.4 case management services. To qualify as a provider of targeted case management services
194.5 the vendor must:

194.6 (1) have demonstrated the capacity and experience to provide the activities of case
194.7 management services defined in subdivision 4;

194.8 (2) be able to coordinate and link community resources needed by the recipient;

194.9 (3) have the administrative capacity and experience to serve the eligible population in
194.10 providing services and to ensure quality of services under state and federal requirements;

194.11 (4) have a financial management system that provides accurate documentation of services
194.12 and costs under state and federal requirements;

194.13 (5) have the capacity to document and maintain individual case records complying with
194.14 state and federal requirements;

194.15 (6) coordinate with county social service agencies responsible for planning for community
194.16 social services under chapters 256E and 256F; conducting adult protective investigations
194.17 under section 626.557, and conducting prepetition screenings for commitments under section
194.18 253B.07;

194.19 (7) coordinate with health care providers to ensure access to necessary health care
194.20 services;

194.21 (8) have a procedure in place that notifies the recipient and the recipient's legal
194.22 representative of any conflict of interest if the contracted targeted case management service
194.23 provider also provides the recipient's services and supports and provides information on all
194.24 potential conflicts of interest and obtains the recipient's informed consent and provides the
194.25 recipient with alternatives; and

194.26 (9) have demonstrated the capacity to achieve the following performance outcomes:
194.27 access, quality, and consumer satisfaction.

ARTICLE 12

BACKGROUND STUDIES

195.1

195.2

195.3 Section 1. Minnesota Statutes 2022, section 245C.10, subdivision 1d, is amended to read:

195.4 Subd. 1d. **State; national criminal history record check fees.** The commissioner may
195.5 increase background study fees as necessary, commensurate with an increase in state Bureau
195.6 of Criminal Apprehension or the national criminal history record check ~~fee~~ fees. The
195.7 commissioner shall report any fee increase under this subdivision to the legislature during
195.8 the legislative session following the fee increase, so that the legislature may consider adoption
195.9 of the fee increase into statute. By July 1 of every year, background study fees shall be set
195.10 at the amount adopted by the legislature under this section.

195.11 Sec. 2. Minnesota Statutes 2022, section 245C.10, subdivision 2, is amended to read:

195.12 Subd. 2. **Supplemental nursing services agencies.** The commissioner shall recover the
195.13 cost of the background studies initiated by supplemental nursing services agencies registered
195.14 under section 144A.71, subdivision 1, through a fee of no more than ~~\$42~~ \$44 per study
195.15 charged to the agency. The fees collected under this subdivision are appropriated to the
195.16 commissioner for the purpose of conducting background studies.

195.17 Sec. 3. Minnesota Statutes 2022, section 245C.10, subdivision 3, is amended to read:

195.18 Subd. 3. **Personal care provider organizations.** The commissioner shall recover the
195.19 cost of background studies initiated by a personal care provider organization under sections
195.20 256B.0651 to 256B.0654 and 256B.0659 through a fee of no more than ~~\$42~~ \$44 per study
195.21 charged to the organization responsible for submitting the background study form. The fees
195.22 collected under this subdivision are appropriated to the commissioner for the purpose of
195.23 conducting background studies.

195.24 Sec. 4. Minnesota Statutes 2022, section 245C.10, subdivision 4, is amended to read:

195.25 Subd. 4. **Temporary personnel agencies, educational programs, and professional**
195.26 **services agencies.** The commissioner shall recover the cost of the background studies
195.27 initiated by temporary personnel agencies, educational programs, and professional services
195.28 agencies that initiate background studies under section 245C.03, subdivision 4, through a
195.29 fee of no more than ~~\$42~~ \$44 per study charged to the agency. The fees collected under this
195.30 subdivision are appropriated to the commissioner for the purpose of conducting background
195.31 studies.

196.1 Sec. 5. Minnesota Statutes 2022, section 245C.10, subdivision 5, is amended to read:

196.2 Subd. 5. **Adult foster care and family adult day services.** The commissioner shall
196.3 recover the cost of background studies required under section 245C.03, subdivision 1, for
196.4 the purposes of adult foster care and family adult day services licensing, through a fee of
196.5 no more than ~~\$42~~ \$44 per study charged to the license holder. The fees collected under this
196.6 subdivision are appropriated to the commissioner for the purpose of conducting background
196.7 studies.

196.8 Sec. 6. Minnesota Statutes 2022, section 245C.10, subdivision 6, is amended to read:

196.9 Subd. 6. **Unlicensed home and community-based waiver providers of service to**
196.10 **seniors and individuals with disabilities.** The commissioner shall recover the cost of
196.11 background studies initiated by unlicensed home and community-based waiver providers
196.12 of service to seniors and individuals with disabilities under section 256B.4912 through a
196.13 fee of no more than ~~\$42~~ \$44 per study.

196.14 Sec. 7. Minnesota Statutes 2022, section 245C.10, subdivision 8, is amended to read:

196.15 Subd. 8. **Children's therapeutic services and supports providers.** The commissioner
196.16 shall recover the cost of background studies required under section 245C.03, subdivision
196.17 7, for the purposes of children's therapeutic services and supports under section 256B.0943,
196.18 through a fee of no more than ~~\$42~~ \$44 per study charged to the license holder. The fees
196.19 collected under this subdivision are appropriated to the commissioner for the purpose of
196.20 conducting background studies.

196.21 Sec. 8. Minnesota Statutes 2022, section 245C.10, subdivision 9, is amended to read:

196.22 Subd. 9. **Human services licensed programs.** The commissioner shall recover the cost
196.23 of background studies required under section 245C.03, subdivision 1, for all programs that
196.24 are licensed by the commissioner, except child foster care when the applicant or license
196.25 holder resides in the home where child foster care services are provided, family child care,
196.26 child care centers, certified license-exempt child care centers, and legal nonlicensed child
196.27 care authorized under chapter 119B, through a fee of no more than ~~\$42~~ \$44 per study charged
196.28 to the license holder. The fees collected under this subdivision are appropriated to the
196.29 commissioner for the purpose of conducting background studies.

197.1 Sec. 9. Minnesota Statutes 2022, section 245C.10, subdivision 9a, is amended to read:

197.2 Subd. 9a. **Child care programs.** The commissioner shall recover the cost of a background
197.3 study required for family child care, certified license-exempt child care centers, licensed
197.4 child care centers, and legal nonlicensed child care providers authorized under chapter 119B
197.5 through a fee of no more than ~~\$40~~ \$44 per study charged to the license holder. A fee of no
197.6 more than ~~\$42~~ \$44 per study shall be charged for studies conducted under section 245C.05,
197.7 subdivision 5a, paragraph (a). The fees collected under this subdivision are appropriated to
197.8 the commissioner to conduct background studies.

197.9 Sec. 10. Minnesota Statutes 2022, section 245C.10, subdivision 10, is amended to read:

197.10 Subd. 10. **Community first services and supports organizations.** The commissioner
197.11 shall recover the cost of background studies initiated by an agency-provider delivering
197.12 services under section 256B.85, subdivision 11, or a financial management services provider
197.13 providing service functions under section 256B.85, subdivision 13, through a fee of no more
197.14 than ~~\$42~~ \$44 per study, charged to the organization responsible for submitting the background
197.15 study form. The fees collected under this subdivision are appropriated to the commissioner
197.16 for the purpose of conducting background studies.

197.17 Sec. 11. Minnesota Statutes 2022, section 245C.10, subdivision 11, is amended to read:

197.18 Subd. 11. **Providers of housing support.** The commissioner shall recover the cost of
197.19 background studies initiated by providers of housing support under section 256I.04 through
197.20 a fee of no more than ~~\$42~~ \$44 per study. The fees collected under this subdivision are
197.21 appropriated to the commissioner for the purpose of conducting background studies.

197.22 Sec. 12. Minnesota Statutes 2022, section 245C.10, subdivision 12, is amended to read:

197.23 Subd. 12. **Child protection workers or social services staff having responsibility for**
197.24 **child protective duties.** The commissioner shall recover the cost of background studies
197.25 initiated by county social services agencies and local welfare agencies for individuals who
197.26 are required to have a background study under section 260E.36, subdivision 3, through a
197.27 fee of no more than ~~\$42~~ \$44 per study. The fees collected under this subdivision are
197.28 appropriated to the commissioner for the purpose of conducting background studies.

197.29 Sec. 13. Minnesota Statutes 2022, section 245C.10, subdivision 13, is amended to read:

197.30 Subd. 13. **Providers of special transportation service.** The commissioner shall recover
197.31 the cost of background studies initiated by providers of special transportation service under

198.1 section 174.30 through a fee of no more than ~~\$42~~ \$44 per study. The fees collected under
198.2 this subdivision are appropriated to the commissioner for the purpose of conducting
198.3 background studies.

198.4 Sec. 14. Minnesota Statutes 2022, section 245C.10, subdivision 14, is amended to read:

198.5 Subd. 14. **Children's residential facilities.** The commissioner shall recover the cost of
198.6 background studies initiated by a licensed children's residential facility through a fee of no
198.7 more than ~~\$51~~ \$53 per study. Fees collected under this subdivision are appropriated to the
198.8 commissioner for purposes of conducting background studies.

198.9 Sec. 15. Minnesota Statutes 2022, section 245C.10, subdivision 16, is amended to read:

198.10 Subd. 16. **Providers of housing support services.** The commissioner shall recover the
198.11 cost of background studies initiated by providers of housing support services under section
198.12 256B.051 through a fee of no more than ~~\$42~~ \$44 per study. The fees collected under this
198.13 subdivision are appropriated to the commissioner for the purpose of conducting background
198.14 studies.

198.15 Sec. 16. Minnesota Statutes 2022, section 245C.10, subdivision 17, is amended to read:

198.16 Subd. 17. **Early intensive developmental and behavioral intervention providers.** The
198.17 commissioner shall recover the cost of background studies required under section 245C.03,
198.18 subdivision 15, for the purposes of early intensive developmental and behavioral intervention
198.19 under section 256B.0949, through a fee of no more than ~~\$42~~ \$44 per study charged to the
198.20 enrolled agency. The fees collected under this subdivision are appropriated to the
198.21 commissioner for the purpose of conducting background studies.

198.22 Sec. 17. Minnesota Statutes 2022, section 245C.10, subdivision 20, is amended to read:

198.23 Subd. 20. **Professional Educators Licensing Standards Board.** The commissioner
198.24 shall recover the cost of background studies initiated by the Professional Educators Licensing
198.25 Standards Board through a fee of no more than ~~\$51~~ \$53 per study. Fees collected under this
198.26 subdivision are appropriated to the commissioner for purposes of conducting background
198.27 studies.

198.28 Sec. 18. Minnesota Statutes 2022, section 245C.10, subdivision 21, is amended to read:

198.29 Subd. 21. **Board of School Administrators.** The commissioner shall recover the cost
198.30 of background studies initiated by the Board of School Administrators through a fee of no

199.1 more than ~~\$51~~ \$53 per study. Fees collected under this subdivision are appropriated to the
199.2 commissioner for purposes of conducting background studies.

199.3 Sec. 19. Minnesota Statutes 2022, section 245C.10, is amended by adding a subdivision
199.4 to read:

199.5 Subd. 22. Tribal organizations. The commissioner shall recover the cost of background
199.6 studies initiated by Tribal organizations under section 245C.34 for adoption and child foster
199.7 care. The fee amount shall be established through interagency agreements between the
199.8 commissioner and Tribal organizations or their designees. The fees collected under this
199.9 subdivision shall be deposited in the special revenue fund and are appropriated to the
199.10 commissioner for the purpose of conducting background studies and criminal background
199.11 checks. This change shall go into effect July 1, 2024.

199.12 Sec. 20. Minnesota Statutes 2022, section 245C.32, subdivision 2, is amended to read:

199.13 Subd. 2. **Use.** (a) The commissioner may also use these systems and records to obtain
199.14 and provide criminal history data from the Bureau of Criminal Apprehension, criminal
199.15 history data held by the commissioner, and data about substantiated maltreatment under
199.16 section 626.557 or chapter 260E, for other purposes, provided that:

199.17 (1) the background study is specifically authorized in statute; or

199.18 (2) the request is made with the informed consent of the subject of the study as provided
199.19 in section 13.05, subdivision 4.

199.20 (b) An individual making a request under paragraph (a), clause (2), must agree in writing
199.21 not to disclose the data to any other individual without the consent of the subject of the data.

199.22 (c) The commissioner may use these systems to share background study documentation
199.23 electronically with entities and individuals who are the subject of a background study.

199.24 ~~(e)~~ (d) The commissioner may recover the cost of obtaining and providing background
199.25 study data by charging the individual or entity requesting the study a fee of no more than
199.26 ~~\$42 per study~~ as described in section 245C.10. The fees collected under this paragraph are
199.27 appropriated to the commissioner for the purpose of conducting background studies.

199.28 Sec. 21. [245J.01] TITLE.

199.29 This chapter may be cited as the "Department of Human Services Public Law Background
199.30 Studies Act."

200.1 Sec. 22. [245J.02] DEFINITIONS.

200.2 Subdivision 1. Scope. The definitions in this section apply to this chapter.

200.3 Subd. 2. Access to persons served by a program. "Access to persons served by a
200.4 program" means physical access to persons receiving services, access to the persons' personal
200.5 property, or access to the persons' personal, financial, or health information, without
200.6 continuous, direct supervision, as defined in subdivision 8.

200.7 Subd. 3. Applicant. "Applicant" has the meaning given in section 245A.02, subdivision
200.8 3, and applies to entities listed in section 245J.03.

200.9 Subd. 4. Authorized fingerprint collection vendor. "Authorized fingerprint collection
200.10 vendor" means a qualified organization under a written contract with the commissioner to
200.11 provide services in accordance with section 245J.05, subdivision 6, paragraph (a).

200.12 Subd. 5. Commissioner. "Commissioner" means the commissioner of human services.

200.13 Subd. 6. Continuous, direct supervision. "Continuous, direct supervision" means an
200.14 individual is within sight or hearing of the entity's supervising individual to the extent that
200.15 the program's supervising individual is capable at all times of intervening to protect the
200.16 health and safety of the persons served by the program.

200.17 Subd. 7. Conviction. "Conviction" has the meaning given in section 609.02, subdivision
200.18 5.

200.19 Subd. 8. Direct contact. "Direct contact" means providing face-to-face care, training,
200.20 supervision, counseling, consultation, or medication assistance to persons served by the
200.21 program.

200.22 Subd. 9. Employee. "Employee" means an individual who provides or seeks to provide
200.23 services for an entity with which the employee is affiliated in NETStudy 2.0 and who is
200.24 subject to oversight by the entity, including but not limited to continuous, direct supervision
200.25 and immediate removal from providing direct care services.

200.26 Subd. 10. Entity. "Entity" means a program, organization, or agency listed in section
200.27 245J.03.

200.28 Subd. 11. License. "License" has the meaning given in section 245A.02, subdivision 8.

200.29 Subd. 12. License holder. "License holder" has the meaning given in section 245A.02,
200.30 subdivision 9, and applies to entities listed in section 245J.03.

200.31 Subd. 13. National criminal history record check. (a) "National criminal history record
200.32 check" means a check of records maintained by the Federal Bureau of Investigation through

201.1 submission of fingerprints through the Bureau of Criminal Apprehension to the Federal
201.2 Bureau of Investigation, when specifically required by law.

201.3 (b) For the purposes of this chapter, "national crime information database," "national
201.4 criminal records repository," "criminal history with the Federal Bureau of Investigation,"
201.5 and "national criminal record check" refer to a national criminal history record check as
201.6 defined in this subdivision.

201.7 Subd. 14. **NETStudy 2.0.** "NETStudy 2.0" means the commissioner's system that replaces
201.8 both NETStudy and the department's internal background study processing system. NETStudy
201.9 2.0 is designed to enhance protection of children and vulnerable adults by improving the
201.10 accuracy of background studies through fingerprint-based criminal record checks and
201.11 expanding the background studies to include a review of information from the Minnesota
201.12 Court Information System and the national crime information database. NETStudy 2.0 is
201.13 also designed to increase efficiencies in and the speed of the hiring process by:

201.14 (1) providing access to and updates from public web-based data related to employment
201.15 eligibility;

201.16 (2) decreasing the need for repeat studies through electronic updates of background
201.17 study subjects' criminal records;

201.18 (3) supporting identity verification using subjects' Social Security numbers and
201.19 photographs;

201.20 (4) using electronic employer notifications; and

201.21 (5) issuing immediate verification of subjects' eligibility to provide services as more
201.22 studies are completed under the NETStudy 2.0 system.

201.23 Subd. 15. **Person.** "Person" means a child as defined in subdivision 6 or an adult as
201.24 defined in section 245A.02, subdivision 2.

201.25 Subd. 16. **Public law background study.** "Public law background study" means a
201.26 background study conducted by the Department of Human Services under this chapter. All
201.27 data obtained by the commissioner for a background study completed under this chapter
201.28 shall be classified as private data.

201.29 Subd. 17. **Reasonable cause.** "Reasonable cause" means information or circumstances
201.30 exist that provide the commissioner with articulable suspicion that further pertinent
201.31 information may exist concerning a subject. The commissioner has reasonable cause to
201.32 require a background study when the commissioner has received a report from the subject,

202.1 the entity, or a third party indicating that the subject has a history that would disqualify the
202.2 individual or that may pose a risk to the health or safety of persons receiving services.

202.3 Subd. 18. **Reasonable cause to require a national criminal history record check.** (a)
202.4 "Reasonable cause to require a national criminal history record check" means information
202.5 or circumstances exist that provide the commissioner with articulable suspicion that further
202.6 pertinent information may exist concerning a background study subject that merits conducting
202.7 a national criminal history record check on that subject. The commissioner has reasonable
202.8 cause to require a national criminal history record check when:

202.9 (1) information from the Bureau of Criminal Apprehension indicates that the subject is
202.10 a multistate offender;

202.11 (2) information from the Bureau of Criminal Apprehension indicates that multistate
202.12 offender status is undetermined;

202.13 (3) the commissioner has received a report from the subject or a third party indicating
202.14 that the subject has a criminal history in a jurisdiction other than Minnesota; or

202.15 (4) information from the Bureau of Criminal Apprehension for a state-based name and
202.16 date of birth background study in which the subject is a minor that indicates that the subject
202.17 has a criminal history.

202.18 (b) In addition to the circumstances described in paragraph (a), the commissioner has
202.19 reasonable cause to require a national criminal history record check if the subject is not
202.20 currently residing in Minnesota or resided in a jurisdiction other than Minnesota during the
202.21 previous five years.

202.22 Subd. 19. **Recurring maltreatment.** "Recurring maltreatment" means more than one
202.23 incident of maltreatment for which there is a preponderance of evidence that the maltreatment
202.24 occurred and that the subject was responsible for the maltreatment.

202.25 Subd. 20. **Results.** "Results" means a determination that a study subject is eligible,
202.26 disqualified, set aside, granted a variance, or that more time is needed to complete the
202.27 background study.

202.28 Subd. 21. **Roster.** (a) "Roster" means the electronic method used to identify the entity
202.29 or entities required to conduct background studies under this chapter with which a background
202.30 subject is affiliated. There are three types of rosters: active roster, inactive roster, and master
202.31 roster.

202.32 (b) "Active roster" means the list of individuals specific to an entity who have been
202.33 determined eligible under this chapter to provide services for the entity and who the entity

203.1 has identified as affiliated. An individual shall remain on the entity's active roster and is
203.2 considered affiliated until the commissioner determines the individual is ineligible or the
203.3 entity removes the individual from the entity's active roster.

203.4 (c) "Inactive roster" means the list maintained by the commissioner of individuals who
203.5 are eligible under this chapter to provide services and are not on an active roster. Individuals
203.6 shall remain on the inactive roster for no more than 180 consecutive days, unless the
203.7 individual submits a written request to the commissioner requesting to remain on the inactive
203.8 roster for a longer period of time. Upon the commissioner's receipt of information that may
203.9 cause an individual on the inactive roster to be disqualified under this chapter, the
203.10 commissioner shall remove the individual from the inactive roster, and if the individual
203.11 again seeks a position requiring a background study, the individual shall be required to
203.12 complete a new background study.

203.13 (d) "Master roster" means the list maintained by the commissioner of all individuals
203.14 who, as a result of a background study under this chapter, and regardless of affiliation with
203.15 an entity, are determined by the commissioner to be eligible to provide services for one or
203.16 more entities. The master roster includes all background study subjects on rosters under
203.17 paragraphs (b) and (c).

203.18 Subd. 22. **Serious maltreatment.** (a) "Serious maltreatment" means sexual abuse,
203.19 maltreatment resulting in death, neglect resulting in serious injury which reasonably requires
203.20 the care of a physician or advanced practice registered nurse, whether or not the care of a
203.21 physician or advanced practice registered nurse was sought, or abuse resulting in serious
203.22 injury.

203.23 (b) For purposes of this definition, "care of a physician or advanced practice registered
203.24 nurse" is treatment received or ordered by a physician, physician assistant, advanced practice
203.25 registered nurse, or nurse practitioner, but does not include:

203.26 (1) diagnostic testing, assessment, or observation;

203.27 (2) the application of, recommendation to use, or prescription solely for a remedy that
203.28 is available over the counter without a prescription; or

203.29 (3) a prescription solely for a topical antibiotic to treat burns when there is no follow-up
203.30 appointment.

203.31 (c) For purposes of this definition, "abuse resulting in serious injury" means: bruises,
203.32 bites, skin laceration, or tissue damage; fractures; dislocations; evidence of internal injuries;
203.33 head injuries with loss of consciousness; extensive second-degree or third-degree burns and

204.1 other burns for which complications are present; extensive second-degree or third-degree
 204.2 frostbite and other frostbite for which complications are present; irreversible mobility or
 204.3 avulsion of teeth; injuries to the eyes; ingestion of foreign substances and objects that are
 204.4 harmful; near drowning; and heat exhaustion or sunstroke.

204.5 (d) Serious maltreatment includes neglect when it results in criminal sexual conduct
 204.6 against a child or vulnerable adult.

204.7 Subd. 23. **Subject of a background study.** "Subject of a background study" means an
 204.8 individual on whom a public law background study is required or completed.

204.9 Subd. 24. **Volunteer.** "Volunteer" means an individual who provides or seeks to provide
 204.10 services for an entity without compensation, is affiliated in NETStudy 2.0, and is subject
 204.11 to oversight by the entity, including but not limited to continuous, direct supervision and
 204.12 immediate removal from providing direct care services.

204.13 Sec. 23. **[245J.03] PUBLIC LAW BACKGROUND STUDY; INDIVIDUALS TO BE**
 204.14 **STUDIED.**

204.15 Subdivision 1. **Classification of public law background study data; access to**
 204.16 **information.** All data obtained by the commissioner for a background study completed
 204.17 under this chapter shall be classified as private data.

204.18 Subd. 2. **Minnesota Sex Offender Program.** The commissioner shall conduct a public
 204.19 law background study under this chapter for an employee having direct contact with persons
 204.20 civily committed to the Minnesota Sex Offender Program operated by the commissioner
 204.21 under chapters 246B and 253D.

204.22 Sec. 24. **[245J.04] WHEN BACKGROUND STUDY MUST OCCUR.**

204.23 Subdivision 1. **Initial studies.** (a) An entity in section 245J.03 shall initiate a background
 204.24 study:

204.25 (1) for an individual in NETStudy 2.0, upon application for initial license. All license
 204.26 holders must be on the entity's active roster with a status of eligible, set aside, or variance
 204.27 granted;

204.28 (2) for a current or prospective employee in NETStudy 2.0, before the individual will
 204.29 have direct contact with persons receiving services; and

205.1 (3) for a volunteer in NETStudy 2.0, before the volunteer will have direct contact with
205.2 persons served by the program, if the contact is not under the continuous, direct supervision
205.3 by an individual listed in clause (1) or (2).

205.4 (b) The commissioner is not required to conduct a study of an individual at the time of
205.5 reapplication for a license if the individual's background study was completed by the
205.6 commissioner of human services and the following conditions are met:

205.7 (1) a study of the individual was conducted either at the time of initial licensure or when
205.8 the individual became affiliated with the license holder;

205.9 (2) the individual has been continuously affiliated with the license holder since the last
205.10 study was conducted; and

205.11 (3) the last study of the individual was conducted on or after October 1, 1995.

205.12 (c) Applicants for licensure, license holders, and entities as provided in this chapter must
205.13 submit completed background study requests to the commissioner using NETStudy 2.0
205.14 before individuals specified in section 245J.03, subdivision 1, begin positions allowing
205.15 direct contact in the program.

205.16 (d) For an individual who is not on the entity's active roster, the entity must initiate a
205.17 new background study through NETStudy 2.0 when:

205.18 (1) an individual returns to a position requiring a background study following an absence
205.19 of 120 or more consecutive days; or

205.20 (2) a program that discontinued providing licensed direct contact services for 120 or
205.21 more consecutive days begins to provide direct contact licensed services again.

205.22 The entity shall maintain a copy of the notification provided to the commissioner under this
205.23 paragraph in the program's files. If the individual's disqualification was previously set aside
205.24 for the license holder's program and the new background study results in no new information
205.25 that indicates the individual may pose a risk of harm to persons receiving services from the
205.26 entity, the previous set-aside shall remain in effect.

205.27 (e) For purposes of this section, a physician licensed under chapter 147 or an advanced
205.28 practice registered nurse licensed under chapter 148 who is required to have a background
205.29 study under this chapter is considered to be continuously affiliated upon the license holder's
205.30 receipt from the commissioner of human services of the physician's or advanced practice
205.31 registered nurse's background study results.

206.1 Subd. 2. **Public law background studies; electronic criminal case information**
206.2 **updates; rosters; criteria for eliminating repeat background studies.** (a) The
206.3 commissioner shall implement the electronic process in NETStudy 2.0 for the regular transfer
206.4 of new criminal case information that is added to the Minnesota Court Information System.
206.5 The commissioner's system must include for review only information that relates to
206.6 individuals who are on the master roster.

206.7 (b) The commissioner shall develop and implement an online system as a part of
206.8 NETStudy 2.0 for entities that initiate background studies under this chapter to access and
206.9 maintain records of background studies initiated by that entity. The system must show all
206.10 active background study subjects affiliated with that entity and the status of each individual's
206.11 background study. Each entity that initiates background studies must use this system to
206.12 notify the commissioner of discontinued affiliation for purposes of the processes required
206.13 under paragraph (a).

206.14 Subd. 3. **New study required with legal name change.** (a) For a background study
206.15 completed on an individual required to be studied under section 245J.03, the license holder
206.16 or other entity that initiated the background study must initiate a new background study
206.17 using NETStudy 2.0 when an individual who is affiliated with the license holder or other
206.18 entity undergoes a legal name change.

206.19 (b) For background studies subject to a fee paid through NETStudy 2.0, the entity that
206.20 initiated the study may initiate a new study under paragraph (a) or notify the commissioner
206.21 of the name change through a notice to the commissioner.

206.22 (c) After an entity initiating a background study has paid the applicable fee for the study
206.23 and has provided the individual with the privacy notice required under section 245J.05,
206.24 subdivision 3, NETStudy 2.0 shall immediately inform the entity whether the individual
206.25 requires a background study or whether the individual is immediately eligible to provide
206.26 services based on a previous background study. If the individual is immediately eligible,
206.27 the entity initiating the background study shall be able to view the information previously
206.28 supplied by the individual who is the subject of a background study as required under section
206.29 245J.05, subdivision 1, including the individual's photograph taken at the time the individual's
206.30 fingerprints were recorded. The commissioner shall not provide any entity initiating a
206.31 subsequent background study with information regarding the other entities that initiated
206.32 background studies on the subject.

206.33 (d) Verification that an individual is eligible to provide services based on a previous
206.34 background study is dependent on the individual voluntarily providing the individual's

207.1 Social Security number to the commissioner at the time each background study is initiated.
 207.2 When an individual does not provide the individual's Social Security number for the
 207.3 background study, that study is not transferable and a repeat background study on that
 207.4 individual is required if the individual seeks a position requiring a background study under
 207.5 this chapter with another entity.

207.6 **Sec. 25. [245J.05] BACKGROUND STUDY; INFORMATION AND DATA**
 207.7 **PROVIDED TO COMMISSIONER.**

207.8 Subdivision 1. **Study submitted.** The entity with which the background study subject
 207.9 is seeking affiliation through employment, volunteering, or licensure shall initiate the
 207.10 background study in NETStudy 2.0.

207.11 Subd. 2. **Individual studied.** (a) The individual who is the subject of the background
 207.12 study must provide the applicant, license holder, or other entity under section 245J.04 with
 207.13 sufficient information to ensure an accurate study, including:

207.14 (1) the individual's first, middle, and last name and all other names by which the
 207.15 individual has been known;

207.16 (2) current home address, city, and state of residence;

207.17 (3) current zip code;

207.18 (4) sex;

207.19 (5) date of birth;

207.20 (6) driver's license number or state identification number; and

207.21 (7) the home address, city, county, and state of residence for the past five years.

207.22 (b) The subject of a background study shall provide fingerprints and a photograph as
 207.23 required in subdivision 6.

207.24 Subd. 3. **Entity.** (a) The entity initiating a background study as provided in this chapter
 207.25 shall verify that the information collected under subdivision 1 about an individual who is
 207.26 the subject of the background study is correct and must provide the information on forms
 207.27 or in a manner prescribed by the commissioner.

207.28 (b) The information collected under subdivision 1 about an individual who is the subject
 207.29 of a completed background study may only be viewable by an entity that initiates a
 207.30 subsequent background study on that individual under NETStudy 2.0 after the entity has

208.1 paid the applicable fee for the study and has provided the individual with the privacy notice
208.2 in subdivision 4.

208.3 Subd. 4. Privacy notice to background study subject. (a) Prior to initiating each
208.4 background study, the entity initiating the study must provide the commissioner's privacy
208.5 notice to the background study subject required under section 13.04, subdivision 2. The
208.6 notice must be available through the commissioner's electronic NETStudy 2.0 system and
208.7 shall include information that the individual has a disqualification that has been set aside
208.8 for the entity that initiated the study.

208.9 (b) The background study subject must also be informed that:

208.10 (1) the subject's fingerprints collected for purposes of completing the background study
208.11 under this chapter must not be retained by the Department of Public Safety, the Bureau of
208.12 Criminal Apprehension, or the commissioner. The Federal Bureau of Investigation will not
208.13 retain background study subjects' fingerprints;

208.14 (2) the subject's photograph will be retained by the commissioner, and if the subject has
208.15 provided the subject's Social Security number for purposes of the background study, the
208.16 photograph will be available to prospective employers and agencies initiating background
208.17 studies under this chapter to verify the identity of the subject of the background study;

208.18 (3) the authorized fingerprint collection vendor or vendors shall, for purposes of verifying
208.19 the identity of the background study subject, be able to view the identifying information
208.20 entered into NETStudy 2.0 by the entity that initiated the background study, but shall not
208.21 retain the subject's fingerprints, photograph, or information from NETStudy 2.0. The
208.22 authorized fingerprint collection vendor or vendors shall retain no more than the subject's
208.23 name and the date and time the subject's fingerprints were recorded and sent, only as
208.24 necessary for auditing and billing activities;

208.25 (4) the commissioner shall provide the subject notice, as required in section 245J.15,
208.26 subdivision 1, paragraph (a), when an entity initiates a background study on the individual;

208.27 (5) the subject may request in writing a report listing the entities that initiated a
208.28 background study on the subject as provided in section 245J.15, subdivision 1, paragraph
208.29 (b);

208.30 (6) the subject may request in writing that information used to complete the individual's
208.31 background study in NETStudy 2.0 be destroyed if the requirements of section 245J.06,
208.32 paragraph (a), are met; and

208.33 (7) notwithstanding clause (6), the commissioner shall destroy:

209.1 (i) the subject's photograph after a period of two years when the requirements of section
209.2 245J.06, paragraph (c), are met; and

209.3 (ii) any data collected on a subject under this chapter after a period of two years following
209.4 the individual's death as provided in section 245J.06, paragraph (d).

209.5 Subd. 5. **Fingerprint data notification.** The commissioner of human services shall
209.6 notify all background study subjects under this chapter that the Department of Human
209.7 Services, Department of Public Safety, and the Bureau of Criminal Apprehension do not
209.8 retain fingerprint data after a background study is completed, and that the Federal Bureau
209.9 of Investigation does not retain background study subjects' fingerprints.

209.10 Subd. 6. **Electronic transmission.** (a) The commissioner shall implement a secure
209.11 system for the electronic transmission of:

209.12 (1) background study information to the commissioner; and

209.13 (2) background study results to the license holder.

209.14 (b) Unless the commissioner has granted a hardship variance under paragraph (c), a
209.15 license holder or an applicant must use the electronic transmission system known as
209.16 NETStudy or NETStudy 2.0 to submit all requests for background studies to the
209.17 commissioner as required by this chapter.

209.18 (c) A license holder or applicant whose program is located in an area in which high-speed
209.19 Internet is inaccessible may request the commissioner to grant a variance to the electronic
209.20 transmission requirement.

209.21 (d) Section 245J.08, subdivision 3, paragraph (c), applies to results transmitted under
209.22 this subdivision.

209.23 Subd. 7. **Fingerprints and photograph.** (a) Except as provided in paragraph (f), every
209.24 subject of a background study must provide the commissioner with a set of the background
209.25 study subject's classifiable fingerprints and photograph. The photograph and fingerprints
209.26 must be recorded at the same time by the authorized fingerprint collection vendor or vendors
209.27 and sent to the commissioner through the commissioner's secure data system described in
209.28 section 245J.29, subdivision 1a, paragraph (b).

209.29 (b) The fingerprints shall be submitted by the commissioner to the Bureau of Criminal
209.30 Apprehension and, when specifically required by law, submitted to the Federal Bureau of
209.31 Investigation for a national criminal history record check.

210.1 (c) The fingerprints must not be retained by the Department of Public Safety, the Bureau
210.2 of Criminal Apprehension, or the commissioner. The Federal Bureau of Investigation will
210.3 not retain background study subjects' fingerprints.

210.4 (d) The authorized fingerprint collection vendor or vendors shall, for purposes of verifying
210.5 the identity of the background study subject, be able to view the identifying information
210.6 entered into NETStudy 2.0 by the entity that initiated the background study, but shall not
210.7 retain the subject's fingerprints, photograph, or information from NETStudy 2.0. The
210.8 authorized fingerprint collection vendor or vendors shall retain no more than the name, date,
210.9 and time the subject's fingerprints were recorded and sent, only as necessary for auditing
210.10 and billing activities.

210.11 (e) For any background study conducted under this chapter, the subject shall provide
210.12 the commissioner with a set of classifiable fingerprints when the commissioner has reasonable
210.13 cause to require a national criminal history record check as defined in section 245J.02,
210.14 subdivision 13.

210.15 (f) A study subject is not required to submit fingerprints and a photograph for a new
210.16 study if they currently have an eligible background study status on an active roster or on
210.17 the master roster. The entity initiating the new study shall have access to the eligible status
210.18 upon completion of the initiation and payment process.

210.19 (g) The commissioner may inform the entity that initiated the background study under
210.20 NETStudy 2.0 of the status of processing of the subject's fingerprints.

210.21 Subd. 8. **Applicant, license holder, and entity.** (a) The applicant, license holder, entity
210.22 as provided in this chapter, Bureau of Criminal Apprehension, law enforcement agencies,
210.23 commissioner of health, and county agencies shall help with the study by giving the
210.24 commissioner criminal conviction data and reports about the maltreatment of adults
210.25 substantiated under section 626.557 and the maltreatment of minors substantiated under
210.26 chapter 260E.

210.27 (b) If a background study is initiated by an applicant, license holder, or entity as provided
210.28 in this chapter, and the applicant, license holder, or entity receives information about the
210.29 possible criminal or maltreatment history of an individual who is the subject of the
210.30 background study, the applicant, license holder, or entity must immediately provide the
210.31 information to the commissioner.

210.32 (c) The applicant, license holder, entity, or county or other agency must provide written
210.33 notice to the individual who is the subject of the background study of the requirements
210.34 under this subdivision.

211.1 Subd. 9. Probation officer and corrections agent. (a) A probation officer or corrections
211.2 agent shall notify the commissioner of an individual's conviction if the individual:

211.3 (1) has been affiliated with a program or facility regulated by the Department of Human
211.4 Services or Department of Health, a facility serving children or youth licensed by the
211.5 Department of Corrections, or any type of home care agency or provider of personal care
211.6 assistance services within the preceding year; and

211.7 (2) has been convicted of a crime constituting a disqualification under section 245J.14.

211.8 (b) The commissioner, in consultation with the commissioner of corrections, shall develop
211.9 forms and information necessary to implement this subdivision and shall provide the forms
211.10 and information to the commissioner of corrections for distribution to local probation officers
211.11 and corrections agents.

211.12 (c) The commissioner shall inform individuals subject to a background study that criminal
211.13 convictions for disqualifying crimes shall be reported to the commissioner by the corrections
211.14 system.

211.15 (d) A probation officer, corrections agent, or corrections agency is not civilly or criminally
211.16 liable for disclosing or failing to disclose the information required by this subdivision.

211.17 (e) Upon receipt of disqualifying information, the commissioner shall provide the notice
211.18 required under section 245J.17, as appropriate, to entities on whose active rosters the study
211.19 subject is affiliated.

211.20 **Sec. 26. [245J.06] DESTRUCTION OF BACKGROUND STUDY SUBJECT**
211.21 **INFORMATION.**

211.22 (a) A background study subject may request in writing to the commissioner that
211.23 information used to complete the individual's study in NETStudy 2.0 be destroyed if the
211.24 individual:

211.25 (1) has not been affiliated with any entity for the previous two years; and

211.26 (2) has no current disqualifying characteristic.

211.27 (b) After receiving the request and verifying the information in paragraph (a), the
211.28 commissioner shall destroy the information used to complete the subject's background study
211.29 and shall keep a record of the subject's name and a notation of the date that the information
211.30 was destroyed.

212.1 (c) When a previously studied individual has not been on the master roster for two years,
 212.2 the commissioner shall destroy the photographic image of the individual obtained under
 212.3 section 245J.05, subdivision 7, paragraph (a).

212.4 (d) Any data collected on an individual under this chapter that is maintained by the
 212.5 commissioner that has not been destroyed according to paragraph (b) or (c) shall be destroyed
 212.6 when two years have elapsed from the individual's actual death that is reported to the
 212.7 commissioner or when 90 years have elapsed since the individual's birth except when readily
 212.8 available data indicate that the individual is still living.

212.9 **Sec. 27. [245J.07] STUDY SUBJECT AFFILIATED WITH MULTIPLE**
 212.10 **FACILITIES.**

212.11 (a) Subject to the conditions in paragraph (c), when a license holder, applicant, or other
 212.12 entity owns multiple programs or services that are licensed by the same agency, only one
 212.13 background study is required for an individual who provides direct contact services in one
 212.14 or more of the licensed programs or services if:

212.15 (1) the license holder designates one individual with one address and telephone number
 212.16 as the person to receive sensitive background study information for the multiple licensed
 212.17 programs or services that depend on the same background study; and

212.18 (2) the individual designated to receive the sensitive background study information is
 212.19 capable of determining, upon request of the department, whether a background study subject
 212.20 is providing direct contact services in one or more of the license holder's programs or services
 212.21 and, if so, at which location or locations.

212.22 (b) When a license holder maintains background study compliance for multiple licensed
 212.23 programs according to paragraph (a), and one or more of the licensed programs closes, the
 212.24 license holder shall immediately notify the commissioner which staff must be transferred
 212.25 to an active license so that the background studies can be electronically paired with the
 212.26 license holder's active program.

212.27 (c) For an entity operating under NETStudy 2.0, the entity's active roster must be the
 212.28 system used to document when a background study subject is affiliated with multiple entities.
 212.29 For a background study to be transferable:

212.30 (1) the background study subject must be on and moving to a roster for which the person
 212.31 designated to receive sensitive background study information is the same; and

212.32 (2) the same entity must own or legally control both the roster from which the transfer
 212.33 is occurring and the roster to which the transfer is occurring. For an entity that holds or

213.1 controls multiple entities, there must be a common highest level entity that has a legally
213.2 identifiable structure that can be verified through records available from the secretary of
213.3 state.

213.4 Sec. 28. **[245J.08] BACKGROUND STUDY; COMMISSIONER REVIEWS.**

213.5 **Subdivision 1. Background studies conducted by Department of Human Services. (a)**

213.6 For a background study conducted under this chapter, the commissioner shall review:

213.7 (1) information related to findings of maltreatment of vulnerable adults that has been
213.8 received by the commissioner as required under section 626.557, subdivision 9c, paragraph
213.9 (j);

213.10 (2) information related to findings of maltreatment of minors that has been received by
213.11 the commissioner as required under chapter 260E;

213.12 (3) the commissioner's records relating to maltreatment in programs licensed by the
213.13 Department of Human Services and the Department of Health;

213.14 (4) information from juvenile courts as required in subdivision 4 when there is reasonable
213.15 cause;

213.16 (5) criminal history information from the Bureau of Criminal Apprehension, including
213.17 information regarding a background study subject's registration in Minnesota as a predatory
213.18 offender under section 243.166; and

213.19 (6) information received as a result of a national criminal history record check, as defined
213.20 in section 245J.02, subdivision 13, when the commissioner has reasonable cause for a
213.21 national criminal history record check as defined under section 245J.02, subdivision 16.

213.22 (b) Notwithstanding expungement by a court, the commissioner may consider information
213.23 obtained under this section, unless the commissioner received notice of the petition for
213.24 expungement and the court order for expungement is directed specifically to the
213.25 commissioner.

213.26 (c) The commissioner shall also review criminal case information received according
213.27 to section 245J.04, subdivision 2, from the Minnesota Court Information System or Minnesota
213.28 Government Access that relates to individuals who are being studied or have already been
213.29 studied under this chapter and who remain affiliated with the agency that initiated the
213.30 background study.

213.31 **Subd. 2. Arrest and investigative information.** (a) For any background study completed
213.32 under this chapter, if the commissioner has reasonable cause to believe the information is

- 214.1 pertinent to the potential disqualification of an individual, the commissioner also may review
214.2 arrest and investigative information from:
- 214.3 (1) the Bureau of Criminal Apprehension;
214.4 (2) the commissioners of health and human services;
214.5 (3) a county attorney;
214.6 (4) a county sheriff;
214.7 (5) a county agency;
214.8 (6) a local chief of police;
214.9 (7) other states;
214.10 (8) the courts;
214.11 (9) the Federal Bureau of Investigation;
214.12 (10) the National Criminal Records Repository; and
214.13 (11) criminal records from other states.
- 214.14 (b) Except when specifically required by law, the commissioner is not required to conduct
214.15 more than one review of a subject's records from a national criminal history record check
214.16 if a review of the subject's criminal history with the Federal Bureau of Investigation has
214.17 already been completed by the commissioner and there has been no break in the subject's
214.18 affiliation with the entity that initiated the background study.
- 214.19 Subd. 3. **Juvenile court records.** (a) For a background study conducted by the
214.20 Department of Human Services, the commissioner shall review records from the juvenile
214.21 courts for an individual studied under this chapter when the commissioner has reasonable
214.22 cause.
- 214.23 (b) The juvenile courts shall help with the study by giving the commissioner existing
214.24 juvenile court records relating to delinquency proceedings held on individuals studied under
214.25 this chapter when requested pursuant to this subdivision.
- 214.26 (c) For purposes of this chapter, a finding that a delinquency petition is proven in juvenile
214.27 court shall be considered a conviction in state district court.
- 214.28 (d) Juvenile courts shall provide orders of involuntary and voluntary termination of
214.29 parental rights under section 260C.301 to the commissioner upon request for purposes of
214.30 conducting a background study under this chapter.

215.1 Sec. 29. **[245J.09] FAILURE OR REFUSAL TO COOPERATE WITH**
215.2 **BACKGROUND STUDY.**

215.3 **Subdivision 1. Disqualification; licensing action.** An applicant's, license holder's, or
215.4 other entity's failure or refusal to cooperate with the commissioner, including failure to
215.5 provide additional information required under section 245J.05, is reasonable cause to
215.6 disqualify a subject, deny a license application, or immediately suspend or revoke a license
215.7 or registration.

215.8 **Subd. 2. Employment action.** An individual's failure or refusal to cooperate with the
215.9 background study is just cause for denying or terminating employment of the individual if
215.10 the individual's failure or refusal to cooperate could cause the applicant's application to be
215.11 denied or the license holder's license to be immediately suspended or revoked.

215.12 Sec. 30. **[245J.10] BACKGROUND STUDY; FEES.**

215.13 **Subdivision 1. Expenses.** Section 181.645 does not apply to background studies
215.14 completed under this chapter.

215.15 **Subd. 2. Background study fees.** (a) The commissioner shall recover the cost of
215.16 background studies. Except as otherwise provided in subdivisions 3 and 4, the fees collected
215.17 under this section shall be appropriated to the commissioner for the purpose of conducting
215.18 background studies under this chapter. Fees under this section are charges under section
215.19 16A.1283, paragraph (b), clause (3).

215.20 **(b) Background study fees may include:**

215.21 **(1) a fee to compensate the commissioner's authorized fingerprint collection vendor or**
215.22 **vendors for obtaining and processing a background study subject's classifiable fingerprints**
215.23 **and photograph pursuant to subdivision 3; and**

215.24 **(2) a separate fee under subdivision 3 to complete a review of background-study-related**
215.25 **records as authorized under this chapter.**

215.26 **(c) Fees charged under paragraph (b) may be paid in whole or in part when authorized**
215.27 **by law by a state agency or board; by state court administration; by a service provider,**
215.28 **employer, license holder, or other entity that initiates the background study; by the**
215.29 **commissioner or other organization with duly appropriated funds; by a background study**
215.30 **subject; or by some combination of these sources.**

215.31 **Subd. 3. Fingerprint and photograph processing fees.** The commissioner shall enter
215.32 into a contract with a qualified vendor or vendors to obtain and process a background study

216.1 subject's classifiable fingerprints and photograph as required by section 245J.05. The
 216.2 commissioner may, at their discretion, directly collect fees and reimburse the commissioner's
 216.3 authorized fingerprint collection vendor for the vendor's services or require the vendor to
 216.4 collect the fees. The authorized vendor is responsible for reimbursing the vendor's
 216.5 subcontractors at a rate specified in the contract with the commissioner.

216.6 Subd. 4. **National criminal history record check fees.** The commissioner may increase
 216.7 background study fees as necessary, commensurate with an increase in the national criminal
 216.8 history record check fee. The commissioner shall report any fee increase under this
 216.9 subdivision to the legislature during the legislative session following the fee increase, so
 216.10 that the legislature may consider adoption of the fee increase into statute. By July 1 of every
 216.11 year, background study fees shall be set at the amount adopted by the legislature under this
 216.12 section.

216.13 Subd. 5. **Minnesota Sex Offender Program.** The commissioner shall recover the cost
 216.14 of background studies for the Minnesota Sex Offender Program required under section
 216.15 245J.03, subdivision 1, through a fee of no more than \$42 per study charged to the entity
 216.16 submitting the study. The fees collected under this subdivision are appropriated to the
 216.17 commissioner for the purpose of conducting background studies.

216.18 **Sec. 31. [245J.11] BACKGROUND STUDY PROCESSING.**

216.19 Subdivision 1. **Completion of background study.** Upon receipt of the background
 216.20 study forms from an entity required to initiate a background study under this chapter, the
 216.21 commissioner shall complete the background study and provide the notice required under
 216.22 section 245J.15, subdivision 1.

216.23 Subd. 2. **Activities pending completion of background study.** (a) The subject of a
 216.24 background study may not perform any activity requiring a background study under
 216.25 paragraph (c) until the commissioner has issued one of the notices under paragraph (b).

216.26 (b) Notices from the commissioner required prior to activity under paragraph (c) include:

216.27 (1) a notice of the study results under section 245J.15 stating that:

216.28 (i) the individual is not disqualified; or

216.29 (ii) more time is needed to complete the study but the individual is not required to be
 216.30 removed from direct contact or access to people receiving services prior to completion of
 216.31 the study as provided under section 245J.15, subdivision 1, paragraph (b) or (c). The notice
 216.32 that more time is needed to complete the study must also indicate whether the individual is

217.1 required to be under continuous direct supervision prior to completion of the background
 217.2 study;

217.3 (2) a notice that a disqualification has been set aside under section 245J.21; or

217.4 (3) a notice that a variance has been granted related to the individual under section
 217.5 245J.27.

217.6 (c) Activities prohibited prior to receipt of notice under paragraph (b) include:

217.7 (1) being issued a license; or

217.8 (2) providing direct contact services to persons served by a program unless the subject
 217.9 is under continuous direct supervision.

217.10 Subd. 3. **Other state information.** If the commissioner has not received criminal, sex
 217.11 offender, or maltreatment information from another state that is required to be reviewed
 217.12 under this chapter within ten days of requesting the information, and the lack of the
 217.13 information is the only reason that a notice is issued under subdivision 2, paragraph (b),
 217.14 clause (1), item (ii), the commissioner may issue a notice under subdivision 2, paragraph
 217.15 (b), clause (1), item (i). The commissioner may take action on information received from
 217.16 other states after issuing a notice under subdivision 2, paragraph (b), clause (1), item (ii).

217.17 Sec. 32. [245J.12] DISQUALIFICATION.

217.18 Subdivision 1. **Disqualification from direct contact.** (a) The commissioner shall
 217.19 disqualify an individual who is the subject of a background study from any position allowing
 217.20 direct contact with persons receiving services from the entity identified in section 245J.03,
 217.21 upon receipt of information showing, or when a background study completed under this
 217.22 chapter shows any of the following:

217.23 (1) a conviction of, admission to, or Alford plea to one or more crimes listed in section
 217.24 245J.13, regardless of whether the conviction or admission is a felony, gross misdemeanor,
 217.25 or misdemeanor level crime;

217.26 (2) a preponderance of the evidence indicates the individual has committed an act or
 217.27 acts that meet the definition of any of the crimes listed in section 245J.13, regardless of
 217.28 whether the preponderance of the evidence is for a felony, gross misdemeanor, or
 217.29 misdemeanor level crime;

217.30 (3) an investigation results in an administrative determination listed under section 245J.13,
 217.31 subdivision 4, paragraph (b); or

218.1 (4) involuntary termination of parental rights issued under subdivision 3 or section
218.2 260C.301, subdivision 1, paragraph (b).

218.3 (b) No individual who is disqualified following a background study under this chapter
218.4 may be retained in a position involving direct contact with persons served by a program or
218.5 entity identified in section 245J.03, unless the commissioner has provided written notice
218.6 under section 245J.15 stating that:

218.7 (1) the individual may remain in direct contact during the period in which the individual
218.8 may request reconsideration as provided in section 245J.19, subdivision 2;

218.9 (2) the commissioner has set aside the individual's disqualification for that entity as
218.10 provided in section 245J.20, subdivision 4; or

218.11 (3) the license holder has been granted a variance for the disqualified individual under
218.12 section 245J.27.

218.13 Subd. 2. **Disqualification from access.** (a) If an individual who is studied under this
218.14 chapter is disqualified from direct contact under subdivision 1, the commissioner shall also
218.15 disqualify the individual from access to a person receiving services from the entity.

218.16 (b) No individual who is disqualified following a background study under this chapter
218.17 may be allowed access to persons served by the program unless the commissioner has
218.18 provided written notice under section 245J.15 stating that:

218.19 (1) the individual may remain in direct contact during the period in which the individual
218.20 may request reconsideration as provided in section 245J.19, subdivision 2;

218.21 (2) the commissioner has set aside the individual's disqualification for that entity as
218.22 provided in section 245J.20, subdivision 4; or

218.23 (3) the license holder has been granted a variance for the disqualified individual under
218.24 section 245J.27.

218.25 Sec. 33. **[245J.13] DISQUALIFYING CRIMES OR CONDUCT.**

218.26 Subdivision 1. **Permanent disqualification.** (a) An individual is disqualified under
218.27 section 245J.12 if: (1) regardless of how much time has passed since the discharge of the
218.28 sentence imposed, if any, for the offense; and (2) unless otherwise specified, regardless of
218.29 the level of the offense, the individual has committed any of the following offenses: sections
218.30 243.166 (violation of predatory offender registration law); 609.185 (murder in the first
218.31 degree); 609.19 (murder in the second degree); 609.195 (murder in the third degree); 609.20
218.32 (manslaughter in the first degree); 609.205 (manslaughter in the second degree); a felony

219.1 offense under 609.221 or 609.222 (assault in the first or second degree); a felony offense
219.2 under sections 609.2242 and 609.2243 (domestic assault), spousal abuse, child abuse or
219.3 neglect, or a crime against children; 609.2247 (domestic assault by strangulation); 609.228
219.4 (great bodily harm caused by distribution of drugs); 609.245 (aggravated robbery); 609.25
219.5 (kidnapping); 609.2661 (murder of an unborn child in the first degree); 609.2662 (murder
219.6 of an unborn child in the second degree); 609.2663 (murder of an unborn child in the third
219.7 degree); 609.322 (solicitation, inducement, and promotion of prostitution); 609.324,
219.8 subdivision 1 (other prohibited acts); 609.342 (criminal sexual conduct in the first degree);
219.9 609.343 (criminal sexual conduct in the second degree); 609.344 (criminal sexual conduct
219.10 in the third degree); 609.345 (criminal sexual conduct in the fourth degree); 609.3451
219.11 (criminal sexual conduct in the fifth degree); 609.3453 (criminal sexual predatory conduct);
219.12 609.3458 (sexual extortion); 609.352 (solicitation of children to engage in sexual conduct);
219.13 609.365 (incest); a felony offense under 609.377 (malicious punishment of a child); a felony
219.14 offense under 609.378 (neglect or endangerment of a child); 609.561 (arson in the first
219.15 degree); 609.66, subdivision 1e (drive-by shooting); 609.749, subdivision 3, 4, or 5
219.16 (felony-level harassment or stalking); 609.855, subdivision 5 (shooting at or in a public
219.17 transit vehicle or facility); 617.23, subdivision 2, clause (1), or subdivision 3, clause (1)
219.18 (indecent exposure involving a minor); 617.246 (use of minors in sexual performance
219.19 prohibited); or 617.247 (possession of pictorial representations of minors).

219.20 (b) An individual's aiding and abetting, attempt, or conspiracy to commit any of the
219.21 offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes,
219.22 permanently disqualifies the individual under section 245J.12.

219.23 (c) An individual's offense in any other state or country, where the elements of the offense
219.24 are substantially similar to any of the offenses listed in paragraph (a), permanently disqualifies
219.25 the individual under section 245J.12.

219.26 (d) When a disqualification is based on a judicial determination other than a conviction,
219.27 the disqualification period begins from the date of the court order. When a disqualification
219.28 is based on an admission, the disqualification period begins from the date of an admission
219.29 in court. When a disqualification is based on an Alford Plea, the disqualification period
219.30 begins from the date the Alford Plea is entered in court. When a disqualification is based
219.31 on a preponderance of evidence of a disqualifying act, the disqualification date begins from
219.32 the date of the dismissal, the date of discharge of the sentence imposed for a conviction for
219.33 a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

219.34 (e) If the individual studied commits one of the offenses listed in paragraph (a) that is
219.35 specified as a felony-level only offense, but the sentence or level of offense is a gross

220.1 misdemeanor or misdemeanor, the individual is disqualified, but the disqualification
 220.2 look-back period for the offense is the period applicable to gross misdemeanor or
 220.3 misdemeanor offenses.

220.4 Subd. 2. **15-year disqualification.** (a) An individual is disqualified under section 245J.12
 220.5 if: (1) less than 15 years have passed since the discharge of the sentence imposed, if any,
 220.6 for the offense; and (2) the individual has committed a felony-level violation of any of the
 220.7 following offenses: sections 256.98 (wrongfully obtaining assistance); 268.182 (fraud);
 220.8 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.165 (felon ineligible to
 220.9 possess firearm); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury);
 220.10 609.215 (suicide); 609.223 or 609.2231 (assault in the third or fourth degree); repeat offenses
 220.11 under 609.224 (assault in the fifth degree); 609.229 (crimes committed for benefit of a
 220.12 gang); 609.2325 (criminal abuse of a vulnerable adult); 609.2335 (financial exploitation of
 220.13 a vulnerable adult); 609.235 (use of drugs to injure or facilitate crime); 609.24 (simple
 220.14 robbery); 609.255 (false imprisonment); 609.2664 (manslaughter of an unborn child in the
 220.15 first degree); 609.2665 (manslaughter of an unborn child in the second degree); 609.267
 220.16 (assault of an unborn child in the first degree); 609.2671 (assault of an unborn child in the
 220.17 second degree); 609.268 (injury or death of an unborn child in the commission of a crime);
 220.18 609.27 (coercion); 609.275 (attempt to coerce); 609.466 (medical assistance fraud); 609.495
 220.19 (aiding an offender); 609.498, subdivision 1 or 1b (aggravated first-degree or first-degree
 220.20 tampering with a witness); 609.52 (theft); 609.521 (possession of shoplifting gear); 609.525
 220.21 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen
 220.22 property); 609.535 (issuance of dishonored checks); 609.562 (arson in the second degree);
 220.23 609.563 (arson in the third degree); 609.582 (burglary); 609.59 (possession of burglary
 220.24 tools); 609.611 (insurance fraud); 609.625 (aggravated forgery); 609.63 (forgery); 609.631
 220.25 (check forgery; offering a forged check); 609.635 (obtaining signature by false pretense);
 220.26 609.66 (dangerous weapons); 609.67 (machine guns and short-barreled shotguns); 609.687
 220.27 (adulteration); 609.71 (riot); 609.713 (terroristic threats); 609.82 (fraud in obtaining credit);
 220.28 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a
 220.29 minor; repeat offenses under 617.241 (obscene materials and performances; distribution
 220.30 and exhibition prohibited; penalty); 624.713 (certain persons not to possess firearms); chapter
 220.31 152 (drugs; controlled substance); or Minnesota Statutes 2012, section 609.21; or a
 220.32 felony-level conviction involving alcohol or drug use.

220.33 (b) An individual is disqualified under section 245J.12 if less than 15 years has passed
 220.34 since the individual's aiding and abetting, attempt, or conspiracy to commit any of the
 220.35 offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

221.1 (c) An individual is disqualified under section 245J.12 if less than 15 years has passed
221.2 since the termination of the individual's parental rights under section 260C.301, subdivision
221.3 1, paragraph (b), or subdivision 3.

221.4 (d) An individual is disqualified under section 245J.12 if less than 15 years has passed
221.5 since the discharge of the sentence imposed for an offense in any other state or country, the
221.6 elements of which are substantially similar to the elements of the offenses listed in paragraph
221.7 (a).

221.8 (e) If the individual studied commits one of the offenses listed in paragraph (a), but the
221.9 sentence or level of offense is a gross misdemeanor or misdemeanor, the individual is
221.10 disqualified but the disqualification look-back period for the offense is the period applicable
221.11 to the gross misdemeanor or misdemeanor disposition.

221.12 (f) When a disqualification is based on a judicial determination other than a conviction,
221.13 the disqualification period begins from the date of the court order. When a disqualification
221.14 is based on an admission, the disqualification period begins from the date of an admission
221.15 in court. When a disqualification is based on an Alford Plea, the disqualification period
221.16 begins from the date the Alford Plea is entered in court. When a disqualification is based
221.17 on a preponderance of evidence of a disqualifying act, the disqualification date begins from
221.18 the date of the dismissal, the date of discharge of the sentence imposed for a conviction for
221.19 a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

221.20 Subd. 3. **Ten-year disqualification.** (a) An individual is disqualified under section
221.21 245J.12 if: (1) less than ten years have passed since the discharge of the sentence imposed,
221.22 if any, for the offense; and (2) the individual has committed a gross misdemeanor-level
221.23 violation of any of the following offenses: sections 256.98 (wrongfully obtaining assistance);
221.24 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112,
221.25 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.221 or 609.222 (assault
221.26 in the first or second degree); 609.223 or 609.2231 (assault in the third or fourth degree);
221.27 609.224 (assault in the fifth degree); 609.224, subdivision 2, paragraph (c) (assault in the
221.28 fifth degree by a caregiver against a vulnerable adult); 609.2242 and 609.2243 (domestic
221.29 assault); 609.23 (mistreatment of persons confined); 609.231 (mistreatment of residents or
221.30 patients); 609.2325 (criminal abuse of a vulnerable adult); 609.233 (criminal neglect of a
221.31 vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure
221.32 to report maltreatment of a vulnerable adult); 609.265 (abduction); 609.275 (attempt to
221.33 coerce); 609.324, subdivision 1a (other prohibited acts; minor engaged in prostitution);
221.34 609.33 (disorderly house); 609.377 (malicious punishment of a child); 609.378 (neglect or
221.35 endangerment of a child); 609.466 (medical assistance fraud); 609.52 (theft); 609.525

222.1 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen
222.2 property); 609.535 (issuance of dishonored checks); 609.582 (burglary); 609.59 (possession
222.3 of burglary tools); 609.611 (insurance fraud); 609.631 (check forgery; offering a forged
222.4 check); 609.66 (dangerous weapons); 609.71 (riot); 609.72, subdivision 3 (disorderly conduct
222.5 against a vulnerable adult); repeat offenses under 609.746 (interference with privacy);
222.6 609.749, subdivision 2 (harassment); 609.82 (fraud in obtaining credit); 609.821 (financial
222.7 transaction card fraud); 617.23 (indecent exposure), not involving a minor; 617.241 (obscene
222.8 materials and performances); 617.243 (indecent literature, distribution); 617.293 (harmful
222.9 materials; dissemination and display to minors prohibited); or Minnesota Statutes 2012,
222.10 section 609.21; or violation of an order for protection under section 518B.01, subdivision
222.11 14.

222.12 (b) An individual is disqualified under section 245J.12 if less than ten years has passed
222.13 since the individual's aiding and abetting, attempt, or conspiracy to commit any of the
222.14 offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

222.15 (c) An individual is disqualified under section 245J.12 if less than ten years has passed
222.16 since the discharge of the sentence imposed for an offense in any other state or country, the
222.17 elements of which are substantially similar to the elements of any of the offenses listed in
222.18 paragraph (a).

222.19 (d) If the individual studied commits one of the offenses listed in paragraph (a), but the
222.20 sentence or level of offense is a misdemeanor disposition, the individual is disqualified but
222.21 the disqualification lookback period for the offense is the period applicable to misdemeanors.

222.22 (e) When a disqualification is based on a judicial determination other than a conviction,
222.23 the disqualification period begins from the date of the court order. When a disqualification
222.24 is based on an admission, the disqualification period begins from the date of an admission
222.25 in court. When a disqualification is based on an Alford Plea, the disqualification period
222.26 begins from the date the Alford Plea is entered in court. When a disqualification is based
222.27 on a preponderance of evidence of a disqualifying act, the disqualification date begins from
222.28 the date of the dismissal, the date of discharge of the sentence imposed for a conviction for
222.29 a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

222.30 Subd. 4. **Seven-year disqualification.** (a) An individual is disqualified under section
222.31 245J.12 if: (1) less than seven years has passed since the discharge of the sentence imposed,
222.32 if any, for the offense; and (2) the individual has committed a misdemeanor-level violation
222.33 of any of the following offenses: sections 256.98 (wrongfully obtaining assistance); 268.182
222.34 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112, 609.2113,

223.1 or 609.2114 (criminal vehicular homicide or injury); 609.221 (assault in the first degree);
 223.2 609.222 (assault in the second degree); 609.223 (assault in the third degree); 609.2231
 223.3 (assault in the fourth degree); 609.224 (assault in the fifth degree); 609.2242 (domestic
 223.4 assault); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure to report
 223.5 maltreatment of a vulnerable adult); 609.2672 (assault of an unborn child in the third degree);
 223.6 609.27 (coercion); violation of an order for protection under 609.3232 (protective order
 223.7 authorized; procedures; penalties); 609.466 (medical assistance fraud); 609.52 (theft);
 223.8 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving
 223.9 stolen property); 609.535 (issuance of dishonored checks); 609.611 (insurance fraud); 609.66
 223.10 (dangerous weapons); 609.665 (spring guns); 609.746 (interference with privacy); 609.79
 223.11 (obscene or harassing telephone calls); 609.795 (letter, telegram, or package; opening;
 223.12 harassment); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud);
 223.13 617.23 (indecent exposure), not involving a minor; 617.293 (harmful materials; dissemination
 223.14 and display to minors prohibited); or Minnesota Statutes 2012, section 609.21; or violation
 223.15 of an order for protection under section 518B.01 (Domestic Abuse Act).

223.16 (b) An individual is disqualified under section 245J.12 if less than seven years has passed
 223.17 since a determination or disposition of the individual's:

223.18 (1) failure to make required reports under section 260E.06 or 626.557, subdivision 3,
 223.19 for incidents in which: (i) the final disposition under section 626.557 or chapter 260E was
 223.20 substantiated maltreatment, and (ii) the maltreatment was recurring or serious; or

223.21 (2) substantiated serious or recurring maltreatment of a minor under chapter 260E, a
 223.22 vulnerable adult under section 626.557, or serious or recurring maltreatment in any other
 223.23 state, the elements of which are substantially similar to the elements of maltreatment under
 223.24 section 626.557 or chapter 260E for which: (i) there is a preponderance of evidence that
 223.25 the maltreatment occurred, and (ii) the subject was responsible for the maltreatment.

223.26 (c) An individual is disqualified under section 245J.12 if less than seven years has passed
 223.27 since the individual's aiding and abetting, attempt, or conspiracy to commit any of the
 223.28 offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota
 223.29 Statutes.

223.30 (d) An individual is disqualified under section 245J.12 if less than seven years has passed
 223.31 since the discharge of the sentence imposed for an offense in any other state or country, the
 223.32 elements of which are substantially similar to the elements of any of the offenses listed in
 223.33 paragraphs (a) and (b).

224.1 (e) When a disqualification is based on a judicial determination other than a conviction,
224.2 the disqualification period begins from the date of the court order. When a disqualification
224.3 is based on an admission, the disqualification period begins from the date of an admission
224.4 in court. When a disqualification is based on an Alford Plea, the disqualification period
224.5 begins from the date the Alford Plea is entered in court. When a disqualification is based
224.6 on a preponderance of evidence of a disqualifying act, the disqualification date begins from
224.7 the date of the dismissal, the date of discharge of the sentence imposed for a conviction for
224.8 a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

224.9 (f) An individual is disqualified under section 245J.12 if less than seven years has passed
224.10 since the individual was disqualified under section 256.98, subdivision 8.

224.11 **Sec. 34. [245J.14] DISQUALIFIED INDIVIDUAL'S RISK OF HARM.**

224.12 Subdivision 1. **Determining immediate risk of harm.** (a) If the commissioner determines
224.13 that the individual studied has a disqualifying characteristic, the commissioner shall review
224.14 the information immediately available and make a determination as to the subject's immediate
224.15 risk of harm to persons served by the program where the individual studied will have direct
224.16 contact with, or access to, people receiving services.

224.17 (b) The commissioner shall consider all relevant information available, including the
224.18 following factors in determining the immediate risk of harm:

224.19 (1) the recency of the disqualifying characteristic;

224.20 (2) the recency of discharge from probation for the crimes;

224.21 (3) the number of disqualifying characteristics;

224.22 (4) the intrusiveness or violence of the disqualifying characteristic;

224.23 (5) the vulnerability of the victim involved in the disqualifying characteristic;

224.24 (6) the similarity of the victim to the persons served by the program where the individual
224.25 studied will have direct contact;

224.26 (7) whether the individual has a disqualification from a previous background study that
224.27 has not been set aside;

224.28 (8) if the individual has a disqualification which may not be set aside because it is a
224.29 permanent bar under section 245J.22, the commissioner may order the immediate removal
224.30 of the individual from any position allowing direct contact with, or access to, persons
224.31 receiving services from the entity; and

225.1 (c) If the commissioner has reason to believe, based on arrest information or an active
225.2 maltreatment investigation, that an individual poses an imminent risk of harm to persons
225.3 receiving services, the commissioner may order that the person be continuously supervised
225.4 or immediately removed pending the conclusion of the maltreatment investigation or criminal
225.5 proceedings.

225.6 Subd. 2. Findings. (a) After evaluating the information immediately available under
225.7 subdivision 1, the commissioner may have reason to believe one of the following:

225.8 (1) the individual poses an imminent risk of harm to persons served by the program
225.9 where the individual studied will have direct contact or access to persons served by the
225.10 entity or where the individual studied will work;

225.11 (2) the individual poses a risk of harm requiring continuous, direct supervision while
225.12 providing direct contact services during the period in which the subject may request a
225.13 reconsideration; or

225.14 (3) the individual does not pose an imminent risk of harm or a risk of harm requiring
225.15 continuous, direct supervision while providing direct contact services during the period in
225.16 which the subject may request a reconsideration.

225.17 (b) After determining an individual's risk of harm under this section, the commissioner
225.18 must notify the subject of the background study and the applicant or license holder as
225.19 required under section 245J.15.

225.20 **Sec. 35. [245J.15] NOTICE OF BACKGROUND STUDY RESULTS.**

225.21 Subdivision 1. Time frame for notice of study results and auditing system access. (a)
225.22 Within three working days after the commissioner's receipt of a request for a background
225.23 study submitted through the commissioner's NETStudy 2.0 system, the commissioner shall
225.24 notify the background study subject and the entity that submitted the study in writing or by
225.25 electronic transmission of the results of the study or that more time is needed to complete
225.26 the study. The notice to the individual shall include the identity of the entity that initiated
225.27 the background study.

225.28 (b) Before being provided access to NETStudy 2.0, the entity shall sign an
225.29 acknowledgment of responsibilities form developed by the commissioner that includes
225.30 identifying the sensitive background study information person, who must be an employee
225.31 of the entity. All queries to NETStudy 2.0 are electronically recorded and subject to audit
225.32 by the commissioner. The electronic record shall identify the specific user. A background

226.1 study subject may request in writing to the commissioner a report listing the entities that
226.2 initiated a background study on the individual.

226.3 (c) When the commissioner has completed a prior background study on an individual
226.4 that resulted in an order for immediate removal and more time is necessary to complete a
226.5 subsequent study, the notice that more time is needed that is issued under paragraph (a)
226.6 shall include an order for immediate removal of the individual from any position allowing
226.7 direct contact with or access to people receiving services.

226.8 Subd. 2. **Disqualification notice sent to subject.** If the information in the study indicates
226.9 the individual is disqualified from direct contact with, or from access to, persons served by
226.10 the program, the commissioner shall disclose to the individual studied:

226.11 (1) the information causing disqualification;

226.12 (2) instructions on how to request a reconsideration of the disqualification;

226.13 (3) an explanation of any restrictions on the commissioner's discretion to set aside the
226.14 disqualification under section 245J.22, when applicable to the individual; and

226.15 (4) a statement that when a subsequent background study is initiated on the individual
226.16 following a set-aside of the individual's disqualification, and the commissioner makes a
226.17 determination under section 245J.20, subdivision 5, paragraph (b), that the previous set-aside
226.18 applies to the subsequent background study, the entity that initiated the background study
226.19 will be informed that the individual's disqualification is set aside for that entity.

226.20 Subd. 3. **Disqualification notification.** (a) The commissioner shall notify the entity that
226.21 submitted the study:

226.22 (1) that the commissioner has found information that disqualifies the individual studied
226.23 from being in a position allowing direct contact with, or access to, people served by the
226.24 entity; and

226.25 (2) the commissioner's determination of the individual's risk of harm under section
226.26 245J.14.

226.27 (b) If the commissioner determines under section 245J.14 that an individual studied
226.28 poses an imminent risk of harm to persons served by the entity where the individual studied
226.29 will have direct contact with, or access to, people served by the entity, the commissioner
226.30 shall order the license holder to immediately remove the individual studied from any position
226.31 allowing direct contact with, or access to, people served by the entity.

227.1 (c) If the commissioner determines under section 245J.14 that an individual studied
227.2 poses a risk of harm that requires continuous, direct supervision, the commissioner shall
227.3 order the entity to:

227.4 (1) immediately remove the individual studied from any position allowing direct contact
227.5 with, or access to, people receiving services; or

227.6 (2) before allowing the disqualified individual to be in a position allowing direct contact
227.7 with, or access to, people receiving services, the entity must:

227.8 (i) ensure that the individual studied is under continuous, direct supervision when in a
227.9 position allowing direct contact with, or access to, people receiving services during the
227.10 period in which the individual may request a reconsideration of the disqualification under
227.11 section 245J.19; and

227.12 (ii) ensure that the disqualified individual requests reconsideration within 30 days of
227.13 receipt of the notice of disqualification.

227.14 (d) If the commissioner determines under section 245J.14 that an individual studied does
227.15 not pose a risk of harm that requires continuous, direct supervision, the commissioner shall
227.16 order the entity to:

227.17 (1) immediately remove the individual studied from any position allowing direct contact
227.18 with, or access to, people receiving services; or

227.19 (2) before allowing the disqualified individual to be in any position allowing direct
227.20 contact with, or access to, people receiving services, the entity must ensure that the
227.21 disqualified individual requests reconsideration within 15 days of receipt of the notice of
227.22 disqualification.

227.23 (e) The commissioner shall not notify the entity of the information contained in the
227.24 subject's background study unless:

227.25 (1) the basis for the disqualification is failure to cooperate with the background study
227.26 or substantiated maltreatment under section 626.557 or chapter 260E;

227.27 (2) the Data Practices Act under chapter 13 provides for release of the information; or

227.28 (3) the individual studied provides the commissioner with written, informed consent
227.29 authorizing the release of the information.

228.1 Sec. 36. **[245J.16] OBLIGATION TO REMOVE DISQUALIFIED INDIVIDUAL**
228.2 **FROM DIRECT CONTACT OR ACCESS TO PEOPLE RECEIVING SERVICES.**

228.3 Upon receipt of notice from the commissioner, the entity must remove a disqualified
228.4 individual from direct contact with or access to persons served by the entity if:

228.5 (1) the individual does not request reconsideration under section 245J.19 within the
228.6 prescribed time;

228.7 (2) the individual submits a timely request for reconsideration, the commissioner does
228.8 not set aside the disqualification under section 245J.20, subdivision 4, and the individual
228.9 does not submit a timely request for a hearing under sections 245J.24 and 256.045, or
228.10 245J.25 and chapter 14; or

228.11 (3) the individual submits a timely request for a hearing under sections 245J.24 and
228.12 256.045, or 245J.25 and chapter 14, and the commissioner does not set aside or rescind the
228.13 disqualification under section 245A.08, subdivision 5, or 256.045.

228.14 Sec. 37. **[245J.17] TERMINATION OF AFFILIATION BASED ON**
228.15 **DISQUALIFICATION NOTICE.**

228.16 An applicant or license holder that terminates affiliation with persons studied under this
228.17 chapter, when the termination is made in good faith reliance on a notice of disqualification
228.18 provided by the commissioner, shall not be subject to civil liability.

228.19 Sec. 38. **[245J.18] ENTITY RECORD KEEPING.**

228.20 Subdivision 1. **Background studies initiated by entity.** The entity shall document the
228.21 date the entity initiates a background study under this chapter and the date the subject of
228.22 the study first has direct contact with persons served by the entity in the entity's personnel
228.23 files. When a background study is completed under this chapter, an entity shall maintain a
228.24 notice that the study was undertaken and completed in the entity's personnel files.

228.25 Subd. 2. **Background studies initiated by others; personnel pool agencies, temporary**
228.26 **personnel agencies, supplemental nursing services agencies, or professional services**
228.27 **agencies.** When a license holder relies on a background study initiated by a personnel pool
228.28 agency, a temporary personnel agency, a supplemental nursing services agency, or a
228.29 professional services agency for a person required to have a background study completed
228.30 under this chapter, the entity must maintain a copy of the background study results in the
228.31 entity's files.

229.1 Subd. 3. **Background studies initiated by others; educational programs.** When an
229.2 entity relies on a background study initiated by an educational program for a person required
229.3 to have a background study completed under this chapter and the person is on the educational
229.4 program's active roster, the entity is responsible for ensuring that the background study has
229.5 been completed. The entity may satisfy the documentation requirements through a written
229.6 agreement with the educational program verifying that documentation of the background
229.7 study may be provided upon request and that the educational program will inform the entity
229.8 if there is a change in the person's background study status. The entity remains responsible
229.9 for ensuring that all background study requirements are met.

229.10 Subd. 4. **Background studies identified on active rosters.** The requirements in
229.11 subdivisions 1 and 2 are met for entities for which active rosters are implemented and for
229.12 whom all individuals affiliated with the entity are recorded on the active roster.

229.13 **Sec. 39. [245J.19] REQUESTING RECONSIDERATION OF DISQUALIFICATION.**

229.14 Subdivision 1. **Who may request reconsideration.** An individual who is the subject of
229.15 a disqualification may request a reconsideration of the disqualification pursuant to this
229.16 section. The individual must submit the request for reconsideration to the commissioner in
229.17 writing.

229.18 Subd. 2. **Submission of reconsideration request.** A reconsideration request shall be
229.19 submitted within 30 days of the individual's receipt of the disqualification notice or the time
229.20 frames specified in subdivision 3, whichever time frame is shorter.

229.21 Subd. 3. **Time frame for requesting reconsideration.** (a) When the commissioner
229.22 sends an individual a notice of disqualification based on a finding under section 245J.14,
229.23 subdivision 2, paragraph (a), clause (1) or (2), the disqualified individual must submit the
229.24 request for a reconsideration within 30 calendar days of the individual's receipt of the notice
229.25 of disqualification. If mailed, the request for reconsideration must be postmarked and sent
229.26 to the commissioner within 30 calendar days of the individual's receipt of the notice of
229.27 disqualification. If a request for reconsideration is made by personal service, it must be
229.28 received by the commissioner within 30 calendar days after the individual's receipt of the
229.29 notice of disqualification. Upon showing that the information under subdivision 3 cannot
229.30 be obtained within 30 days, the disqualified individual may request additional time, not to
229.31 exceed 30 days, to obtain the information.

229.32 (b) When the commissioner sends an individual a notice of disqualification based on a
229.33 finding under section 245J.14, subdivision 2, paragraph (a), clause (3), the disqualified
229.34 individual must submit the request for reconsideration within 15 calendar days of the

230.1 individual's receipt of the notice of disqualification. If mailed, the request for reconsideration
230.2 must be postmarked and sent to the commissioner within 15 calendar days of the individual's
230.3 receipt of the notice of disqualification. If a request for reconsideration is made by personal
230.4 service, it must be received by the commissioner within 15 calendar days after the individual's
230.5 receipt of the notice of disqualification.

230.6 (c) An individual who was determined to have maltreated a child under chapter 260E
230.7 or a vulnerable adult under section 626.557, and who is disqualified on the basis of serious
230.8 or recurring maltreatment, may request a reconsideration of both the maltreatment and the
230.9 disqualification determinations. The request must be submitted within 30 calendar days of
230.10 the individual's receipt of the notice of disqualification. If mailed, the request for
230.11 reconsideration must be postmarked and sent to the commissioner within 30 calendar days
230.12 of the individual's receipt of the notice of disqualification. If a request for reconsideration
230.13 is made by personal service, it must be received by the commissioner within 30 calendar
230.14 days after the individual's receipt of the notice of disqualification.

230.15 (d) Reconsideration of a maltreatment determination under sections 260E.33 and 626.557,
230.16 subdivision 9d, and reconsideration of a disqualification under section 245J.20, shall not
230.17 be conducted when:

230.18 (1) a denial of a license under section 245A.05, or a licensing sanction under section
230.19 245A.07, is based on a determination that the license holder is responsible for maltreatment
230.20 or the disqualification of a license holder based on serious or recurring maltreatment;

230.21 (2) the denial of a license or licensing sanction is issued at the same time as the
230.22 maltreatment determination or disqualification; and

230.23 (3) the license holder appeals the maltreatment determination, disqualification, and
230.24 denial of a license or licensing sanction. In such cases, a fair hearing under section 256.045
230.25 must not be conducted under sections 245J.24, 260E.33, and 626.557, subdivision 9d. Under
230.26 section 245A.08, subdivision 2a, the scope of the consolidated contested case hearing must
230.27 include the maltreatment determination, disqualification, and denial of a license or licensing
230.28 sanction.

230.29 Notwithstanding clauses (1) to (3), if the license holder appeals the maltreatment
230.30 determination or disqualification, but does not appeal the denial of a license or a licensing
230.31 sanction, reconsideration of the maltreatment determination shall be conducted under sections
230.32 260E.33 and 626.557, subdivision 9d, and reconsideration of the disqualification shall be
230.33 conducted under section 245J.20. In such cases, a fair hearing shall also be conducted as
230.34 provided under sections 245J.24, 260E.33, and 626.557, subdivision 9d.

231.1 Subd. 4. **Disqualified individuals; information for reconsideration.** (a) The disqualified
231.2 individual requesting reconsideration must submit information showing that:

231.3 (1) the information the commissioner relied upon in determining the underlying conduct
231.4 that gave rise to the disqualification is incorrect;

231.5 (2) for maltreatment, the information the commissioner relied upon in determining that
231.6 maltreatment was serious or recurring is incorrect; or

231.7 (3) the subject of the study does not pose a risk of harm to any person served by the
231.8 entity as provided in this chapter, by addressing the information required under section
231.9 245J.20, subdivision 4.

231.10 (b) In order to determine the individual's risk of harm, the commissioner may require
231.11 additional information from the disqualified individual as part of the reconsideration process.
231.12 If the individual fails to provide the required information, the commissioner may deny the
231.13 individual's request.

231.14 Subd. 5. **Notice of request for reconsideration.** Upon request, the commissioner may
231.15 inform the entity as provided in this chapter who received a notice of the individual's
231.16 disqualification under section 245J.15, subdivision 3, or has the consent of the disqualified
231.17 individual, whether the disqualified individual has requested reconsideration.

231.18 **Sec. 40. [245J.20] REVIEW AND ACTION ON A RECONSIDERATION REQUEST.**

231.19 Subdivision 1. **Time frame; response to disqualification reconsideration requests.** (a)
231.20 The commissioner shall respond in writing or by electronic transmission to all reconsideration
231.21 requests for which the basis for the request is that the information the commissioner relied
231.22 upon to disqualify is incorrect or inaccurate within 30 working days of receipt of a complete
231.23 request and all required relevant information.

231.24 (b) If the basis for a disqualified individual's reconsideration request is that the individual
231.25 does not pose a risk of harm, the commissioner shall respond to the request within 15 working
231.26 days after receiving a complete request for reconsideration and all required relevant
231.27 information.

231.28 (c) If the disqualified individual's reconsideration request is based on both the correctness
231.29 or accuracy of the information the commissioner relied upon to disqualify the individual
231.30 and the individual's risk of harm, the commissioner shall respond to the request within 45
231.31 working days after receiving a complete request for reconsideration and all required relevant
231.32 information.

232.1 Subd. 2. **Incorrect information; rescission.** The commissioner shall rescind the
 232.2 disqualification if the commissioner finds that the information relied upon to disqualify the
 232.3 subject is incorrect.

232.4 Subd. 3. **Preeminent weight given to safety of persons being served.** In reviewing a
 232.5 request for reconsideration of a disqualification, the commissioner shall give preeminent
 232.6 weight to the safety of each person served by the entity as provided in this chapter over the
 232.7 interests of the disqualified individual or entity as provided in this chapter, and any single
 232.8 factor under subdivision 4, paragraph (b), may be determinative of the commissioner's
 232.9 decision whether to set aside the individual's disqualification.

232.10 Subd. 4. **Risk of harm; set aside.** (a) The commissioner may set aside the disqualification
 232.11 if the commissioner finds that the individual has submitted sufficient information to
 232.12 demonstrate that the individual does not pose a risk of harm to any person served by the
 232.13 entity as provided in this chapter.

232.14 (b) In determining whether the individual has met the burden of proof by demonstrating
 232.15 the individual does not pose a risk of harm, the commissioner shall consider:

232.16 (1) the nature, severity, and consequences of the event or events that led to the
 232.17 disqualification;

232.18 (2) whether there is more than one disqualifying event;

232.19 (3) the age and vulnerability of the victim at the time of the event;

232.20 (4) the harm suffered by the victim;

232.21 (5) vulnerability of persons served by the program;

232.22 (6) the similarity between the victim and persons served by the program;

232.23 (7) the time elapsed without a repeat of the same or similar event;

232.24 (8) documentation of successful completion by the individual studied of training or
 232.25 rehabilitation pertinent to the event; and

232.26 (9) any other information relevant to reconsideration.

232.27 (c) If the individual requested reconsideration on the basis that the information relied
 232.28 upon to disqualify the individual was incorrect or inaccurate and the commissioner determines
 232.29 that the information relied upon to disqualify the individual is correct, the commissioner
 232.30 must also determine if the individual poses a risk of harm to persons receiving services in
 232.31 accordance with paragraph (b).

233.1 Subd. 5. Scope of set-aside. (a) If the commissioner sets aside a disqualification under
233.2 this section, the disqualified individual remains disqualified, but may hold a license and
233.3 have direct contact with or access to persons receiving services. Except as provided in
233.4 paragraph (b), the commissioner's set-aside of a disqualification is limited solely to the
233.5 licensed program, applicant, or agency specified in the set aside notice under section 245J.21.
233.6 For personal care provider organizations, the commissioner's set-aside may further be limited
233.7 to a specific individual who is receiving services. For new background studies required
233.8 under section 245J.04, subdivision 1, paragraph (c), if an individual's disqualification was
233.9 previously set aside for the license holder's program and the new background study results
233.10 in no new information that indicates the individual may pose a risk of harm to persons
233.11 receiving services from the license holder, the previous set-aside shall remain in effect.

233.12 (b) If the commissioner has previously set aside an individual's disqualification for one
233.13 or more entities, and the individual is the subject of a subsequent background study for a
233.14 different entity, the commissioner shall determine whether the disqualification is set aside
233.15 for the entity that initiated the subsequent background study. A notice of a set-aside under
233.16 paragraph (c) shall be issued within 15 working days if all of the following criteria are met:

233.17 (1) the subsequent background study was initiated in connection with an entity licensed
233.18 or regulated under the same provisions of law and rule for at least one entity for which the
233.19 individual's disqualification was previously set aside by the commissioner;

233.20 (2) the individual is not disqualified for an offense specified in section 245J.13,
233.21 subdivision 1 or 2;

233.22 (3) the commissioner has received no new information to indicate that the individual
233.23 may pose a risk of harm to any person served by the program; and

233.24 (4) the previous set-aside was not limited to a specific person receiving services.

233.25 (c) When a disqualification is set aside under paragraph (b), the notice of background
233.26 study results issued under section 245J.15, in addition to the requirements under section
233.27 245J.15, shall state that the disqualification is set aside for the program or agency that
233.28 initiated the subsequent background study. The notice must inform the individual that the
233.29 individual may request reconsideration of the disqualification under section 245J.19 on the
233.30 basis that the information used to disqualify the individual is incorrect.

233.31 Subd. 6. Rescission of set-aside. The commissioner may rescind a previous set aside
233.32 of a disqualification under this section based on new information that indicates the individual
233.33 may pose a risk of harm to persons served by the applicant, license holder, or other entities
233.34 as provided in this chapter. If the commissioner rescinds a set-aside of a disqualification

234.1 under this subdivision, the appeal rights under sections 245J.19; 245J.24, subdivision 1;
234.2 and 245J.25, subdivision 3, shall apply.

234.3 **Sec. 41. [245J.21] COMMISSIONER'S RECONSIDERATION NOTICE.**

234.4 **Subdivision 1. Disqualification that is rescinded or set aside.** (a) If the commissioner
234.5 rescinds or sets aside a disqualification, the commissioner shall notify the entity in writing
234.6 or by electronic transmission of the decision.

234.7 (b) In the notice from the commissioner that a disqualification has been rescinded, the
234.8 commissioner must inform the entity that the information relied upon to disqualify the
234.9 individual was incorrect.

234.10 **Subd. 2. Commissioner's notice of disqualification that is not set aside.** (a) The
234.11 commissioner shall notify the entity of the disqualification and order the entity to immediately
234.12 remove the individual from any position allowing direct contact with persons receiving
234.13 services from the entity if:

234.14 (1) the individual studied does not submit a timely request for reconsideration under
234.15 section 245J.19;

234.16 (2) the individual submits a timely request for reconsideration, but the commissioner
234.17 does not set aside the disqualification for that entity under section 245J.20, unless the
234.18 individual has a right to request a hearing under section 245J.24, 245J.25, or 256.045;

234.19 (3) an individual who has a right to request a hearing under sections 245J.24 and 256.045,
234.20 or 245J.25 and chapter 14 for a disqualification that has not been set aside, does not request
234.21 a hearing within the specified time; or

234.22 (4) an individual submitted a timely request for a hearing under sections 245J.24 and
234.23 256.045, or 245J.25 and chapter 14, but the commissioner does not set aside the
234.24 disqualification under section 245A.08, subdivision 5, or 256.045.

234.25 (b) If the commissioner does not set aside the disqualification under section 245J.20,
234.26 and the entity was previously ordered under section 245J.15 to immediately remove the
234.27 disqualified individual from direct contact with persons receiving services or to ensure that
234.28 the individual is under continuous, direct supervision when providing direct contact services,
234.29 the order remains in effect pending the outcome of a hearing under sections 245J.24 and
234.30 256.045, or 245J.25 and chapter 14.

234.31 (c) If the commissioner does not set aside the disqualification under section 245J.20,
234.32 and the entity was not previously ordered under section 245J.15 to immediately remove the

235.1 disqualified individual from direct contact with persons receiving services or to ensure that
235.2 the individual is under continuous direct supervision when providing direct contact services,
235.3 the commissioner shall order the individual to remain under continuous direct supervision
235.4 pending the outcome of a hearing under sections 245J.24 and 256.045, or 245J.25 and
235.5 chapter 14.

235.6 Sec. 42. **[245J.22] DISQUALIFICATION; BAR TO SET ASIDE A**
235.7 **DISQUALIFICATION.**

235.8 The commissioner may not set aside the disqualification of any individual disqualified
235.9 pursuant to this chapter, regardless of how much time has passed, if the individual was
235.10 disqualified for a crime or conduct listed in section 245J.13, subdivision 1.

235.11 Sec. 43. **[245J.23] CONSOLIDATED RECONSIDERATION OF MALTREATMENT**
235.12 **DETERMINATION AND DISQUALIFICATION.**

235.13 If an individual is disqualified on the basis of a determination of maltreatment under
235.14 section 626.557 or chapter 260E, which was serious and recurring, and the individual requests
235.15 reconsideration of the maltreatment determination under section 260E.33 or 626.557,
235.16 subdivision 9d, and also requests reconsideration of the disqualification under section
235.17 245J.19, the commissioner shall consolidate the reconsideration of the maltreatment
235.18 determination and the disqualification into a single reconsideration.

235.19 Sec. 44. **[245J.24] FAIR HEARING RIGHTS.**

235.20 Subdivision 1. **Fair hearing following a reconsideration decision.** (a) An individual
235.21 who is disqualified on the basis of a preponderance of evidence that the individual committed
235.22 an act or acts that meet the definition of any of the crimes listed in section 245J.13; for a
235.23 determination under section 626.557 or chapter 260E of substantiated maltreatment that
235.24 was serious or recurring under section 245J.13; or for failure to make required reports under
235.25 section 260E.06, subdivision 1 or 2; 260E.11, subdivision 1; or 626.557, subdivision 3,
235.26 pursuant to section 245J.13, subdivision 4, paragraph (b), clause (1), may request a fair
235.27 hearing under section 256.045, following a reconsideration decision issued under section
235.28 245J.21, unless the disqualification is deemed conclusive under section 245J.26.

235.29 (b) The fair hearing is the only administrative appeal of the final agency determination
235.30 for purposes of appeal by the disqualified individual. The disqualified individual does not
235.31 have the right to challenge the accuracy and completeness of data under section 13.04.

236.1 (c) Except as provided under paragraph (e), if the individual was disqualified based on
236.2 a conviction of, admission to, or Alford Plea to any crimes or conduct listed in section
236.3 245J.13, subdivisions 1 to 4, or for a disqualification under section 256.98, subdivision 8,
236.4 the reconsideration decision under section 245J.20 is the final agency determination for
236.5 purposes of appeal by the disqualified individual and is not subject to a hearing under section
236.6 256.045. If the individual was disqualified based on a judicial determination, that
236.7 determination is treated the same as a conviction for purposes of appeal.

236.8 (d) This subdivision does not apply to a public employee's appeal of a disqualification
236.9 under section 245J.25, subdivision 3.

236.10 (e) Notwithstanding paragraph (c), if the commissioner does not set aside a
236.11 disqualification of an individual who was disqualified based on both a preponderance of
236.12 evidence and a conviction or admission, the individual may request a fair hearing under
236.13 section 256.045, unless the disqualifications are deemed conclusive under section 245J.26.
236.14 The scope of the hearing conducted under section 256.045 with regard to the disqualification
236.15 based on a conviction or admission shall be limited solely to whether the individual poses
236.16 a risk of harm, according to section 256.045, subdivision 3b. In this case, the reconsideration
236.17 decision under section 245J.20 is not the final agency decision for purposes of appeal by
236.18 the disqualified individual.

236.19 Subd. 2. **Consolidated fair hearing following a reconsideration decision.** (a) If an
236.20 individual who is disqualified on the bases of serious or recurring maltreatment requests a
236.21 fair hearing on the maltreatment determination under section 260E.33 or 626.557, subdivision
236.22 9d, and requests a fair hearing under this section on the disqualification following a
236.23 reconsideration decision under section 245J.21, the scope of the fair hearing under section
236.24 256.045 shall include the maltreatment determination and the disqualification.

236.25 (b) A fair hearing is the only administrative appeal of the final agency determination.
236.26 The disqualified individual does not have the right to challenge the accuracy and
236.27 completeness of data under section 13.04.

236.28 (c) This subdivision does not apply to a public employee's appeal of a disqualification
236.29 under section 245J.25, subdivision 3.

236.30 **Sec. 45. [245J.25] CONTESTED CASE HEARING RIGHTS.**

236.31 Subdivision 1. **License holder.** (a) If a maltreatment determination or a disqualification
236.32 for which reconsideration was timely requested and which was not set aside is the basis for
236.33 a denial of a license under section 245A.05 or a licensing sanction under section 245A.07,

237.1 the license holder has the right to a contested case hearing under chapter 14 and Minnesota
237.2 Rules, parts 1400.8505 to 1400.8612. The license holder must submit the appeal under
237.3 section 245A.05 or 245A.07, subdivision 3.

237.4 (b) As provided under section 245A.08, subdivision 2a, if the denial of a license or
237.5 licensing sanction is based on a disqualification for which reconsideration was timely
237.6 requested and was not set aside, the scope of the consolidated contested case hearing must
237.7 include:

237.8 (1) the disqualification, to the extent the license holder otherwise has a hearing right on
237.9 the disqualification under this chapter; and

237.10 (2) the licensing sanction or denial of a license.

237.11 (c) As provided for under section 245A.08, subdivision 2a, if the denial of a license or
237.12 licensing sanction is based on a determination of maltreatment under section 626.557 or
237.13 chapter 260E, or a disqualification for serious or recurring maltreatment which was not set
237.14 aside, the scope of the contested case hearing must include:

237.15 (1) the maltreatment determination, if the maltreatment is not conclusive under section
237.16 245J.26;

237.17 (2) the disqualification, if the disqualification is not conclusive under section 245J.26;
237.18 and

237.19 (3) the licensing sanction or denial of a license. In such cases, a fair hearing must not
237.20 be conducted under section 256.045. If the disqualification was based on a determination
237.21 of substantiated serious or recurring maltreatment under section 626.557 or chapter 260E,
237.22 the appeal must be submitted under section 245A.07, subdivision 3, 260E.33, or 626.557,
237.23 subdivision 9d.

237.24 (d) Except for family child care and child foster care, reconsideration of a maltreatment
237.25 determination under sections 260E.33 and 626.557, subdivision 9d, and reconsideration of
237.26 a disqualification under section 245J.20, must not be conducted when:

237.27 (1) a denial of a license under section 245A.05, or a licensing sanction under section
237.28 245A.07, is based on a determination that the license holder is responsible for maltreatment
237.29 or the disqualification of a license holder based on serious or recurring maltreatment;

237.30 (2) the denial of a license or licensing sanction is issued at the same time as the
237.31 maltreatment determination or disqualification; and

238.1 (3) the license holder appeals the maltreatment determination, disqualification, and
238.2 denial of a license or licensing sanction. In such cases a fair hearing under section 256.045
238.3 must not be conducted under sections 245J.24, 260E.33, and 626.557, subdivision 9d. Under
238.4 section 245A.08, subdivision 2a, the scope of the consolidated contested case hearing must
238.5 include the maltreatment determination, disqualification, and denial of a license or licensing
238.6 sanction.

238.7 Notwithstanding clauses (1) to (3), if the license holder appeals the maltreatment
238.8 determination or disqualification, but does not appeal the denial of a license or a licensing
238.9 sanction, reconsideration of the maltreatment determination shall be conducted under sections
238.10 260E.33 and 626.557, subdivision 9d, and reconsideration of the disqualification shall be
238.11 conducted under section 245J.20. In such cases, a fair hearing shall also be conducted as
238.12 provided under sections 245J.24, 260E.33, and 626.557, subdivision 9d.

238.13 Subd. 2. **Individual other than license holder.** If the basis for the commissioner's denial
238.14 of a license under section 245A.05 or a licensing sanction under section 245A.07 is a
238.15 maltreatment determination or disqualification that was not set aside under section 245J.20,
238.16 and the disqualified subject is an individual other than the license holder and upon whom
238.17 a background study must be conducted under this chapter, the hearing of all parties may be
238.18 consolidated into a single contested case hearing upon consent of all parties and the
238.19 administrative law judge.

238.20 Subd. 3. **Employees of public employer.** (a) A disqualified individual who is an
238.21 employee of an employer, as defined in section 179A.03, subdivision 15, may request a
238.22 contested case hearing under chapter 14, and specifically Minnesota Rules, parts 1400.8505
238.23 to 1400.8612, following a reconsideration decision under section 245J.21, unless the
238.24 disqualification is deemed conclusive under section 245J.26. The request for a contested
238.25 case hearing must be made in writing and must be postmarked and sent within 30 calendar
238.26 days after the employee receives notice of the reconsideration decision. If the individual
238.27 was disqualified based on a conviction or admission to any crimes listed in section 245J.13,
238.28 the scope of the contested case hearing shall be limited solely to whether the individual
238.29 poses a risk of harm pursuant to section 245J.20.

238.30 (b) When an individual is disqualified based on a maltreatment determination, the scope
238.31 of the contested case hearing under paragraph (a), must include the maltreatment
238.32 determination and the disqualification. In such cases, a fair hearing must not be conducted
238.33 under section 256.045.

239.1 (c) Rules adopted under this chapter may not preclude an employee in a contested case
239.2 hearing for a disqualification from submitting evidence concerning information gathered
239.3 under this chapter.

239.4 (d) When an individual has been disqualified from multiple licensed programs, if at least
239.5 one of the disqualifications entitles the person to a contested case hearing under this
239.6 subdivision, the scope of the contested case hearing shall include all disqualifications from
239.7 licensed programs.

239.8 (e) In determining whether the disqualification should be set aside, the administrative
239.9 law judge shall consider all of the characteristics that cause the individual to be disqualified,
239.10 as well as all the factors set forth in section 245J.20, in order to determine whether the
239.11 individual has met the burden of demonstrating that the individual does not pose a risk of
239.12 harm. The administrative law judge's recommendation and the commissioner's order to set
239.13 aside a disqualification that is the subject of the hearing constitutes a determination that the
239.14 individual does not pose a risk of harm and that the individual may provide direct contact
239.15 services in the individual program specified in the set aside.

239.16 (f) An individual may not request a contested case hearing under this section if a contested
239.17 case hearing has previously been held regarding the individual's disqualification on the same
239.18 basis.

239.19 Subd. 4. **Final agency order.** The commissioner's final order under section 245A.08,
239.20 subdivision 5, is conclusive on the issue of maltreatment and disqualification, including for
239.21 purposes of subsequent background studies. The contested case hearing under this section
239.22 is the only administrative appeal of the final agency determination, specifically, including
239.23 a challenge to the accuracy and completeness of data under section 13.04.

239.24 Sec. 46. **[245J.26] CONCLUSIVE DETERMINATIONS OR DISPOSITIONS.**

239.25 Subdivision 1. **Conclusive maltreatment determination or disposition.** Unless
239.26 otherwise specified in statute, a maltreatment determination or disposition under section
239.27 626.557 or chapter 260E is conclusive, if:

239.28 (1) the commissioner has issued a final order in an appeal of that determination or
239.29 disposition under section 245A.08, subdivision 5, or 256.045;

239.30 (2) the individual did not request reconsideration of the maltreatment determination or
239.31 disposition under section 626.557 or chapter 260E; or

239.32 (3) the individual did not request a hearing of the maltreatment determination or
239.33 disposition under section 256.045.

240.1 Subd. 2. **Conclusive disqualification determination.** (a) A disqualification is conclusive
240.2 for purposes of current and future background studies if:

240.3 (1) the commissioner has issued a final order in an appeal of the disqualification under
240.4 section 245A.08, subdivision 5; 245J.25, subdivision 3; or 256.045, or a court has issued a
240.5 final decision;

240.6 (2) the individual did not request reconsideration of the disqualification under section
240.7 245J.19 on the basis that the information relied upon to disqualify the individual was
240.8 incorrect; or

240.9 (3) the individual did not timely request a hearing on the disqualification under this
240.10 chapter, chapter 14, or section 256.045 after previously being given the right to do so.

240.11 (b) If a disqualification is conclusive under this section, the individual has a right to
240.12 request reconsideration on the risk of harm under section 245J.19 unless the commissioner
240.13 is barred from setting aside the disqualification under section 245J.22. The commissioner's
240.14 decision regarding the risk of harm shall be the final agency decision and is not subject to
240.15 a hearing under this chapter, chapter 14, or section 256.045.

240.16 Sec. 47. **[245J.27] VARIANCE FOR A DISQUALIFIED INDIVIDUAL.**

240.17 Subdivision 1. **Entity variance.** (a) Except for any disqualification under section 245J.11,
240.18 subdivision 1, when the commissioner has not set aside a background study subject's
240.19 disqualification, and there are conditions under which the disqualified individual may provide
240.20 direct contact services or have access to people receiving services that minimize the risk of
240.21 harm to people receiving services, the commissioner may grant a time-limited variance to
240.22 an entity.

240.23 (b) The variance shall state the services that may be provided by the disqualified
240.24 individual and state the conditions with which the entity must comply for the variance to
240.25 remain in effect. The variance shall not state the reason for the disqualification.

240.26 Subd. 2. **Consequences for failing to comply with conditions of variance.** When an
240.27 entity permits a disqualified individual to provide any services for which the subject is
240.28 disqualified without complying with the conditions of the variance, the commissioner may
240.29 terminate the variance effective immediately and subject the entity or license holder to a
240.30 licensing action under sections 245A.06 and 245A.07.

240.31 Subd. 3. **Termination of a variance.** The commissioner may terminate a variance for
240.32 a disqualified individual at any time for cause.

241.1 Subd. 4. **Final decision.** The commissioner's decision to grant or deny a variance is final
241.2 and not subject to appeal under the provisions of chapter 14.

241.3 Sec. 48. **[245J.28] INDIVIDUAL REGULATED BY A HEALTH-RELATED**
241.4 **LICENSING BOARD; DISQUALIFICATION BASED ON MALTREATMENT.**

241.5 (a) The commissioner has the authority to monitor the facility's compliance with any
241.6 requirements that the health-related licensing board places on regulated individuals practicing
241.7 in a facility either during the period pending a final decision on a disciplinary or corrective
241.8 action or as a result of a disciplinary or corrective action. The commissioner has the authority
241.9 to order the immediate removal of a regulated individual from direct contact or access when
241.10 a board issues an order of temporary suspension based on a determination that the regulated
241.11 individual poses an immediate risk of harm to persons receiving services in a licensed
241.12 facility.

241.13 (b) A facility that allows a regulated individual to provide direct contact services while
241.14 not complying with the requirements imposed by the health-related licensing board is subject
241.15 to action by the commissioner as specified under sections 245A.06 and 245A.07.

241.16 (c) The commissioner shall notify a health-related licensing board immediately upon
241.17 receipt of knowledge of a facility's or individual's noncompliance with requirements the
241.18 board placed on a facility or upon an individual regulated by the board.

241.19 Sec. 49. **[245J.29] SYSTEMS AND RECORDS.**

241.20 Subdivision 1. **Establishment.** The commissioner may establish systems and records
241.21 to fulfill the requirements of this chapter.

241.22 Subd. 2. **NETStudy 2.0 system.** (a) The NETStudy 2.0 system developed and
241.23 implemented by the commissioner shall incorporate and meet all applicable data security
241.24 standards and policies required by the Federal Bureau of Investigation (FBI), Department
241.25 of Public Safety, Bureau of Criminal Apprehension, and Department of Information
241.26 Technology Services. The system shall meet all required standards for encryption of data
241.27 at the database level as well as encryption of data that travels electronically among agencies
241.28 initiating background studies, the commissioner's authorized fingerprint collection vendor
241.29 or vendors, the commissioner, the Bureau of Criminal Apprehension, and in cases involving
241.30 national criminal record checks, the FBI.

241.31 (b) The data system developed and implemented by the commissioner shall incorporate
241.32 a system of data security that allows the commissioner to control access to the data field

242.1 level by the commissioner's employees. The commissioner shall establish that employees
242.2 have access to the minimum amount of private data on any individual as is necessary to
242.3 perform their duties under this chapter.

242.4 (c) The commissioner shall oversee regular quality and compliance audits of the
242.5 authorized fingerprint collection vendor or vendors.

242.6 Subd. 3. Use. The commissioner may also use these systems and records to obtain and
242.7 provide criminal history data from the Bureau of Criminal Apprehension, criminal history
242.8 data held by the commissioner, and data about substantiated maltreatment under section
242.9 626.557 or chapter 260E, for other purposes, provided that the background study is
242.10 specifically authorized in statute.

242.11 Subd. 4. National records search. (a) When specifically required by statute, the
242.12 commissioner shall also obtain criminal history data from the National Criminal Records
242.13 Repository.

242.14 (b) To obtain criminal history data from the National Criminal Records Repository, the
242.15 commissioner shall require classifiable fingerprints of the data subject and must submit
242.16 these fingerprint requests through the Bureau of Criminal Apprehension.

242.17 (c) The commissioner may require the background study subject to submit fingerprint
242.18 images electronically. The commissioner may not require electronic fingerprint images until
242.19 the electronic recording and transfer system is available for noncriminal justice purposes
242.20 and the necessary equipment is in use in the law enforcement agency in the background
242.21 study subject's local community.

242.22 (d) The commissioner may recover the cost of obtaining and providing criminal history
242.23 data from the National Criminal Records Repository by charging the individual or entity
242.24 requesting the study a fee of no more than \$30 per study. The fees collected under this
242.25 subdivision are appropriated to the commissioner for the purpose of obtaining criminal
242.26 history data from the National Criminal Records Repository.

242.27 Sec. 50. REPEALER.

242.28 Minnesota Statutes 2022, sections 245C.02, subdivision 14b; 245C.032; and 245C.30,
242.29 subdivision 1a, are repealed.

243.1

ARTICLE 13

243.2

LICENSING

243.3 Section 1. Minnesota Statutes 2022, section 245.095, is amended to read:

243.4 **245.095 LIMITS ON RECEIVING PUBLIC FUNDS.**

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

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

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

243.14 (b) If a provider, vendor, or individual enrolled, licensed, receiving funds under a grant
243.15 contract, or registered in any program administered by the commissioner, including under
243.16 the commissioner's powers and authorities in section 256.01, is excluded from that program,
243.17 the commissioner may:

243.18 (1) prohibit any associated entities or associated individuals from enrolling, becoming
243.19 licensed, receiving grant funds, or registering in any other program administered by the
243.20 commissioner; and

243.21 (2) disenroll, revoke or suspend a license of, disqualify, or debar any associated entities
243.22 or associated individuals in any other program administered by the commissioner.

243.23 (c) If a provider, vendor, or individual enrolled, licensed, or otherwise receiving funds
243.24 under any contract or registered in any program administered by a Minnesota state or federal
243.25 agency is excluded from that program, the commissioner of human services may:

243.26 (1) prohibit the excluded provider, vendor, individual, or any associated entities or
243.27 associated individuals from enrolling, becoming licensed, receiving grant funds, or registering
243.28 in any program administered by the commissioner; and

243.29 (2) disenroll, revoke or suspend a license of, disqualify, or debar the excluded provider,
243.30 vendor, individual, or any associated entities or associated individuals in any program
243.31 administered by the commissioner.

244.1 ~~(b)~~ (d) The duration of ~~this~~ a prohibition, disenrollment, revocation, suspension,
 244.2 disqualification, or debarment under paragraph (a) must last for the longest applicable
 244.3 sanction or disqualifying period in effect for the provider, vendor, or individual permitted
 244.4 by state or federal law. The duration of a prohibition, disenrollment, revocation, suspension,
 244.5 disqualification, or debarment under paragraphs (b) and (c) may last until up to the longest
 244.6 applicable sanction or disqualifying period in effect for the provider, vendor, individual,
 244.7 associated entity, or associated individual as permitted by state or federal law.

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

244.10 (b) "Associated entity" means a provider or vendor owned or controlled by an excluded
 244.11 individual.

244.12 (c) "Associated individual" means an individual who owns or is an executive officer or
 244.13 board member of an excluded provider or vendor.

244.14 ~~(b)~~ (d) "Excluded" means ~~disenrolled, disqualified, having a license that has been revoked~~
 244.15 ~~or suspended under chapter 245A, or debarred or suspended under Minnesota Rules, part~~
 244.16 ~~1230.1150, or excluded pursuant to section 256B.064, subdivision 3 removed under other~~
 244.17 ~~authorities from a program administered by a Minnesota state or federal agency, including~~
 244.18 ~~a final determination to stop payments.~~

244.19 ~~(e)~~ (e) "Individual" means a natural person providing products or services as a provider
 244.20 or vendor.

244.21 ~~(d)~~ (f) "Provider" ~~includes any entity or individual receiving payment from a program~~
 244.22 ~~administered by the Department of Human Services, and an owner, controlling individual,~~
 244.23 ~~license holder, director, or managerial official of an entity receiving payment from a program~~
 244.24 ~~administered by the Department of Human Services~~ means any entity, individual, owner,
 244.25 controlling individual, license holder, director, or managerial official of an entity receiving
 244.26 payment from a program administered by a Minnesota state or federal agency.

244.27 Subd. 3. **Notice.** Within five days of taking an action under subdivision (1), paragraph
 244.28 (a), (b), or (c), against a provider, vendor, individual, associated individual, or associated
 244.29 entity, the commissioner must send notice of the action to the provider, vendor, individual,
 244.30 associated individual, or associated entity. The notice must state:

244.31 (1) the basis for the action;

244.32 (2) the effective date of the action;

244.33 (3) the right to appeal the action; and

245.1 (4) the requirements and procedures for reinstatement.

245.2 Subd. 4. **Appeal.** Upon receipt of a notice under subdivision 3, a provider, vendor,
245.3 individual, associated individual, or associated entity may request a contested case hearing,
245.4 as defined in section 14.02, subdivision 3, by filing with the commissioner a written request
245.5 of appeal. The scope of any contested case hearing is solely limited to action taken under
245.6 this section. The commissioner must receive the appeal request no later than 30 days after
245.7 the date the notice was mailed to the provider, vendor, individual, associated individual, or
245.8 associated entity. The appeal request must specify:

245.9 (1) each disputed item and the reason for the dispute;

245.10 (2) the authority in statute or rule upon which the provider, vendor, individual, associated
245.11 individual, or associated entity relies for each disputed item;

245.12 (3) the name and address of the person or entity with whom contacts may be made
245.13 regarding the appeal; and

245.14 (4) any other information required by the commissioner.

245.15 Subd. 5. **Withholding of payments.** (a) Except as otherwise provided by state or federal
245.16 law, the commissioner may withhold payments to a provider, vendor, individual, associated
245.17 individual, or associated entity in any program administered by the commissioner, if the
245.18 commissioner determines there is a credible allegation of fraud for which an investigation
245.19 is pending for a program administered by a Minnesota state or federal agency.

245.20 (b) For purposes of this subdivision, "credible allegation of fraud" means an allegation
245.21 that has been verified by the commissioner from any source, including but not limited to:

245.22 (1) fraud hotline complaints;

245.23 (2) claims data mining;

245.24 (3) patterns identified through provider audits, civil false claims cases, and law
245.25 enforcement investigations; and

245.26 (4) court filings and other legal documents, including but not limited to police reports,
245.27 complaints, indictments, informations, affidavits, declarations, and search warrants.

245.28 (c) The commissioner must send notice of the withholding of payments within five days
245.29 of taking such action. The notice must:

245.30 (1) state that payments are being withheld according to this subdivision;

246.1 (2) set forth the general allegations related to the withholding action, except the notice
246.2 need not disclose specific information concerning an ongoing investigation;

246.3 (3) state that the withholding is for a temporary period and cite the circumstances under
246.4 which the withholding will be terminated; and

246.5 (4) inform the provider, vendor, individual, associated individual, or associated entity
246.6 of the right to submit written evidence to contest the withholding action for consideration
246.7 by the commissioner.

246.8 (d) The commissioner shall stop withholding payments if the commissioner determines
246.9 there is insufficient evidence of fraud by the provider, vendor, individual, associated
246.10 individual, or associated entity or when legal proceedings relating to the alleged fraud are
246.11 completed, unless the commissioner has sent notice under subdivision 3 to the provider,
246.12 vendor, individual, associated individual, or associated entity.

246.13 (e) The withholding of payments is a temporary action and is not subject to appeal under
246.14 section 256.045 or chapter 14.

246.15 **Sec. 2. [245.7351] PURPOSE AND ESTABLISHMENT.**

246.16 The certified community behavioral health clinic model is an integrated payment and
246.17 service delivery model that uses evidence-based behavioral health practices to achieve better
246.18 outcomes for individuals diagnosed with behavioral health disorders while achieving
246.19 sustainable rates for providers and economic efficiencies for payors.

246.20 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
246.21 whichever is later. The commissioner of human services shall notify the revisor of statutes
246.22 when federal approval is obtained.

246.23 **Sec. 3. [245.7352] DEFINITIONS.**

246.24 Subdivision 1. **Scope.** The definitions in this section apply to sections 245.7351 to
246.25 245.736.

246.26 Subd. 2. **Approval.** "Approval" has the meaning given in section 245I.02, subdivision
246.27 2.

246.28 Subd. 3. **Care coordination.** "Care coordination" means the activities required to
246.29 coordinate care across settings and providers for the people served to ensure seamless
246.30 transitions across the full spectrum of health services. Care coordination includes: outreach
246.31 and engagement; documenting a plan of care for medical, behavioral health, and social

247.1 services and supports in the integrated treatment plan; assisting with obtaining appointments;
247.2 confirming appointments are kept; developing a crisis plan; tracking medication; and
247.3 implementing care coordination agreements with external providers. Care coordination may
247.4 include psychiatric consultation to primary care practitioners and mental health clinical care
247.5 consultation.

247.6 Subd. 4. **Certified community behavioral health clinic or CCBHC.** "Certified
247.7 community behavioral health clinic" or "CCBHC" means a program or provider governed
247.8 under sections 245.7351 to 245.736.

247.9 Subd. 5. **Clinical responsibility.** "Clinical responsibility" means ensuring a designated
247.10 collaborating organization meets all clinical parameters required of the CCBHC.

247.11 Subd. 6. **Commissioner.** "Commissioner" means the commissioner of human services.

247.12 Subd. 7. **Comprehensive evaluation.** "Comprehensive evaluation" means a
247.13 person-centered, family-centered, trauma-informed evaluation completed for the purposes
247.14 of diagnosis, treatment planning, and determination of client eligibility for services approved
247.15 by a mental health professional.

247.16 Subd. 8. **Crisis services.** "Crisis services" means crisis mental health and substance use
247.17 services, including 24-hour mobile crisis teams, emergency crisis intervention services,
247.18 crisis stabilization through existing mobile crisis services, and ambulatory withdrawal
247.19 management services equal to the American Society of Addiction Medicine's levels of care
247.20 1.0 or 2.0.

247.21 Subd. 9. **Cultural and linguistic competence.** "Cultural and linguistic competence"
247.22 means appropriate services are respectful of and responsive to the health beliefs, practices,
247.23 and needs of diverse individuals.

247.24 Subd. 10. **Designated collaborating organization.** "Designated collaborating
247.25 organization" means an entity with a formal agreement with a CCBHC to furnish CCBHC
247.26 services.

247.27 Subd. 11. **Designated collaborating organization agreement.** "Designated collaborating
247.28 organization agreement" means a purchase of services agreement between a CCBHC and
247.29 a designated collaborating organization as evidenced by a contract, memorandum of
247.30 agreement, memorandum of understanding, or other such formal arrangement that describes
247.31 specific CCBHC services to be purchased and provided by a designated collaborating
247.32 organization on behalf of a CCBHC in accordance with federal and state requirements.

248.1 Subd. 12. **Face to face.** "Face to face" means two-way, real-time, interactive and visual
248.2 communication between a client and a treatment service provider, including services delivered
248.3 in person or via telehealth.

248.4 Subd. 13. **Functional assessment.** "Functional assessment" means the assessment of a
248.5 client's current level of functioning relative to functioning that is appropriate for someone
248.6 the client's age.

248.7 The CCBHC functional assessment requirements replace the requirements in:

248.8 (1) section 256B.0623, subdivision 9;

248.9 (2) section 245.4711, subdivision 3; and

248.10 (3) Minnesota Rules, part 9520.0914, subpart 2, items A and B.

248.11 Subd. 14. **Financial responsibility.** "Financial responsibility" means the responsibility
248.12 for billing CCBHC services rendered under contract by a designated collaborating
248.13 organization.

248.14 Subd. 15. **Grievances.** CCBHCs and designated collaborating organization providers
248.15 must allow all service recipients access to grievance procedures, which must satisfy the
248.16 minimum requirements of Medicaid and other grievance requirements including requirements
248.17 that may be mandated by relevant accrediting entities.

248.18 Subd. 16. **Initial evaluation.** "Initial evaluation" means an evaluation that is designed
248.19 to gather and document initial components of the comprehensive evaluation, allowing the
248.20 assessor to formulate a preliminary diagnosis and the client to begin services.

248.21 Subd. 17. **Initial evaluation equivalents.** "Initial evaluation equivalents" means using
248.22 a process that is approved by the commissioner as an alternative to the initial evaluation.

248.23 Subd. 18. **Integrated treatment plan.** "Integrated treatment plan" means a documented
248.24 plan of care that uses the American Society for Addiction Medicine's six dimensions criteria
248.25 as an organizational framework.

248.26 Subd. 19. **Limited English proficiency.** "Limited English proficiency" includes
248.27 individuals who do not speak English as a primary language or who have a limited ability
248.28 to read, write, speak, or understand English and who may be eligible to receive language
248.29 assistance.

248.30 Subd. 20. **Outpatient withdrawal management.** "Outpatient withdrawal management"
248.31 means a time-limited service delivered in an office setting, an outpatient behavioral health
248.32 clinic, or a person's home by staff providing medically supervised evaluation and

249.1 detoxification services to achieve safe and comfortable withdrawal from substances and
249.2 facilitate transition into ongoing treatment and recovery. Outpatient withdrawal management
249.3 services include assessment, withdrawal management, planning, medication prescribing
249.4 and management, trained observation of withdrawal symptoms, and supportive services.

249.5 Subd. 21. **Preliminary screening and risk assessment.** "Preliminary screening and risk
249.6 assessment" means a screening and risk assessment that is completed at the first contact
249.7 with the prospective CCBHC service recipient and determines the acuity of recipient need.

249.8 Subd. 22. **Preliminary treatment plan.** "Preliminary treatment plan" means an initial
249.9 plan of care that is written as a part of all initial evaluations, initial evaluation equivalents,
249.10 or comprehensive evaluations.

249.11 Subd. 23. **Needs assessment.** "Needs assessment" means a systematic approach to
249.12 identifying community needs and determining program capacity to address the needs of the
249.13 population being served.

249.14 Subd. 24. **Scope of services.** "Scope of services" means services that are published by
249.15 the commissioner and that constitute a CCBHC encounter that is eligible for the daily
249.16 bundled rate.

249.17 Subd. 25. **State-sanctioned crisis services.** "State-sanctioned crisis services" means
249.18 adult and children's crisis response services conducted by an entity enrolled to provide crisis
249.19 services under section 256B.0624.

249.20 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
249.21 whichever is later. The commissioner of human services shall notify the revisor of statutes
249.22 when federal approval is obtained.

249.23 Sec. 4. **[245.7353] APPLICABILITY.**

249.24 Subdivision 1. **Certification process.** (a) The commissioner must establish a state
249.25 certification process for certified community behavioral health clinics that satisfy all federal
249.26 and state requirements necessary for CCBHCs certified under sections 245.7351 to 245.736
249.27 to be eligible for reimbursement under medical assistance, without service area limits based
249.28 on geographic area or region. The commissioner must consult with CCBHC stakeholders
249.29 before establishing and implementing changes in the certification process and requirements.

249.30 (b) The certification process must:

249.31 (1) evaluate whether the prospective or recertifying CCBHC meets all certification
249.32 requirements in this section;

250.1 (2) evaluate whether the prospective or recertifying CCBHC meets the certification
250.2 requirements for all required services listed in section 245.7358; and

250.3 (3) include a review period that includes a site visit or virtual site visit conducted using
250.4 two-way video conferencing technology within 90 calendar days of receipt of an application
250.5 for certification or recertification.

250.6 Subd. 2. **Certifications and licensures required.** In addition to all other requirements
250.7 contained in sections 245.7351 to 245.736, a CCBHC must:

250.8 (1) be certified as a mental health clinic under section 245I.20;

250.9 (2) be licensed to provide substance use disorder treatment under chapter 245G;

250.10 (3) be certified to provide children's therapeutic services and supports under section
250.11 256B.0943;

250.12 (4) be certified to provide adult rehabilitative mental health services under section
250.13 256B.0623;

250.14 (5) be enrolled to provide mental health crisis response services under section 256B.0624;

250.15 (6) be enrolled to provide mental health targeted case management under section
250.16 256B.0625, subdivision 20;

250.17 (7) comply with standards relating to mental health case management in Minnesota
250.18 Rules, parts 9520.0900 to 9520.0926; and

250.19 (8) comply with standards relating to peer services under sections 256B.0615, 256B.0616,
250.20 and 245G.07, subdivision 2, clause (8), as applicable when peer services are provided.

250.21 Subd. 3. **Certification schedule.** The commissioner must recertify CCBHCs no later
250.22 than 36 months from the date of initial certification or the date of the last recertification.
250.23 The commissioner must provide a 90-day notice in advance of recertification.

250.24 Subd. 4. **Variance authority.** When the standards listed in sections 245.7351 to 245.736
250.25 or other applicable standards conflict or address similar issues in duplicative or incompatible
250.26 ways, the commissioner may grant variances to state requirements if the variances do not
250.27 conflict with federal requirements for services reimbursed under medical assistance. If
250.28 standards overlap, the commissioner may substitute all or a part of a licensure or certification
250.29 that is substantially the same as another licensure or certification. The commissioner must
250.30 consult with stakeholders as described in subdivision 1 before granting variances under this
250.31 subdivision. For the CCBHC that is certified but not approved for prospective payment

251.1 under section 256B.0625, subdivision 5m, the commissioner may grant a variance under
251.2 this paragraph if the variance does not increase the state share of costs.

251.3 Subd. 5. **Notice and opportunity for correction.** If the commissioner finds that a
251.4 prospective or certified CCBHC has failed to comply with an applicable law or rule and
251.5 this failure does not imminently endanger health, safety, or rights of the persons served by
251.6 the program, the commissioner may issue a notice ordering a correction. The notice ordering
251.7 a correction must state the following in plain language:

251.8 (1) the conditions that constitute a violation of the law or rule;

251.9 (2) the specific law or rule violated; and

251.10 (3) the time allowed to correct each violation.

251.11 Subd. 6. **County letter of support.** A clinic that meets certification requirements for a
251.12 CCBHC under sections 245.7351 to 245.736 is not subject to any state law or rule that
251.13 requires a county contract or other form of county approval as a condition for licensure or
251.14 enrollment as a medical assistance provider. The commissioner must require evidence from
251.15 the CCBHC that it has an ongoing relationship with the county or counties it serves to
251.16 facilitate access and continuity of care, especially for individuals who are uninsured or who
251.17 may go on and off medical assistance.

251.18 Subd. 7. **Decertification, denial of certification, or recertification request.** (a) The
251.19 commissioner must establish a process for decertification and must require corrective action,
251.20 medical assistance repayment, or decertification of a CCBHC that no longer meets the
251.21 requirements in this section.

251.22 (b) The commissioner must provide the following to providers for the certification,
251.23 recertification, and decertification process:

251.24 (1) a structured listing of required provider certification criteria;

251.25 (2) a formal written letter with a determination of certification, recertification, or
251.26 decertification, signed by the commissioner or the appropriate division director; and

251.27 (3) a formal written communication outlining the process for necessary corrective action
251.28 and follow-up by the commissioner if applicable.

251.29 Subd. 8. **Demonstration entities.** The commissioner may operate the demonstration
251.30 program established by section 223 of the Protecting Access to Medicare Act if federal
251.31 funding for the demonstration program remains available from the United States Department
251.32 of Health and Human Services. To the extent practicable, the commissioner shall align the

252.1 requirements of the demonstration program with the requirements under sections 245.7351
 252.2 to 245.736 for CCBHCs receiving medical assistance reimbursement. A CCBHC may not
 252.3 apply to participate as a billing provider in both the CCBHC federal demonstration and the
 252.4 benefit for CCBHCs under the medical assistance program.

252.5 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
 252.6 whichever is later. The commissioner of human services shall notify the revisor of statutes
 252.7 when federal approval is obtained.

252.8 Sec. 5. **[245.7354] GOVERNANCE AND ORGANIZATIONAL STRUCTURE.**

252.9 Subdivision 1. **Eligible providers.** (a) An eligible CCBHC must be:

252.10 (1) a nonprofit organization, exempt from tax under section 501(c)(3) of the United
 252.11 States Internal Revenue Code;

252.12 (2) part of a local government behavioral health authority;

252.13 (3) operated under the authority of the Indian Health Service, an Indian Tribe, or Tribal
 252.14 organization pursuant to a contract, grant, cooperative agreement, or compact with the Indian
 252.15 Health Service pursuant to the Indian Self-Determination Act; or

252.16 (4) an urban Indian organization pursuant to a grant or contract with the Indian Health
 252.17 Service under Title V of the Indian Health Care Improvement Act.

252.18 (b) A CCBHC must maintain documentation establishing its conformity with this section.

252.19 Subd. 2. **Collaboration with American Indian and Alaska Native entities.** (a) A
 252.20 CCBHC must enter into arrangements with the Indian Health Service and any Indian Tribes
 252.21 or Tribal or urban Indian organizations within their geographic service area to assist with
 252.22 and inform the provision of services for American Indian and Alaska Native clients.

252.23 (b) A CCBHC operated by the Indian Health Service, an Indian Tribe, or a Tribal or
 252.24 urban Indian organization is exempt from the requirement in paragraph (a).

252.25 Subd. 3. **Board members.** (a) CCBHC board members must be representative of the
 252.26 individuals being served by the CCBHC in terms of geographic area, race, ethnicity, sex,
 252.27 gender identity, disability, age, sexual orientation, and types of disorders served. A CCBHC
 252.28 must incorporate meaningful participation by adult clients with mental illness, adults
 252.29 recovering from substance use disorders, and family members of CCBHC clients by:

252.30 (1) having a board that is comprised of at least 51 percent clients, people in recovery
 252.31 from behavioral health conditions, or their family members; or

253.1 (2) having a substantial portion of the governing board members meeting the criteria in
253.2 clause (1) and implementing other specifically described methods for clients, people in
253.3 recovery, and their family members to provide meaningful input to the board about the
253.4 CCBHCs policies, processes, and services.

253.5 (b) A CCBHC must demonstrate to the commissioner how it meets the requirement in
253.6 paragraph (a) or develop a transition plan with timelines appropriate to its governing board
253.7 size and target population to meet this requirement.

253.8 (c) A CCBHC owned or operated by the state, a local government, a Tribal entity, or a
253.9 subsidiary or part of a larger corporate organization that cannot meet these requirements
253.10 for board membership shall notify the commissioner, specify the reasons why the CCBHC
253.11 cannot meet these requirements, and document that the CCBHC has developed or will
253.12 develop an advisory structure and other specifically described methods for clients, persons
253.13 in recovery, and family members to provide meaningful input to the board about the
253.14 CCBHC's policies, processes, and services.

253.15 (d) As an alternative to the board membership requirement in paragraph (a), a CCBHC
253.16 may establish and implement other means of enhancing its governing body's ability to ensure
253.17 that the CCBHC is responsive to the needs of its clients, families, and communities. Efforts
253.18 to ensure responsiveness must focus on the full range of clients, services provided, geographic
253.19 areas covered, types of disorders, and levels of care provided. A CCBHC must seek approval
253.20 from the commissioner for any proposed alternative under this paragraph. If the commissioner
253.21 rejects a proposed alternative, the commissioner must require that additional or different
253.22 mechanisms be established to ensure that the board is responsive to the needs of CCBHC
253.23 clients and families. Every CCBHC approved under this paragraph must make publicly
253.24 available the changed outcomes and other results of the alternative means and structures
253.25 employed under this paragraph.

253.26 (e) Members of a CCBHC's governing or advisory boards must also be representative
253.27 of the communities in the CCBHC's service area and must be selected for expertise in health
253.28 services, community affairs, local government, finance and banking, legal affairs, trade
253.29 unions, faith communities, commercial and industrial concerns, or social service agencies
253.30 within the communities served. No more than one-half of the governing board members
253.31 may derive more than 10 percent of their annual income from the health care industry.

253.32 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
253.33 whichever is later. The commissioner of human services shall notify the revisor of statutes
253.34 when federal approval is obtained.

254.1 Sec. 6. [245.7355] MINIMUM STAFFING STANDARDS.

254.2 Subdivision 1. Generally. (a) A CCBHC must meet minimum staffing requirements as
254.3 identified in the certification process in the needs assessment under section 245.7357,
254.4 subdivision 5.

254.5 (b) A CCBHC must employ or contract for clinic staff who have backgrounds in diverse
254.6 disciplines, including licensed mental health professionals, licensed alcohol and drug
254.7 counselors, staff who are culturally and linguistically trained to meet the needs of the
254.8 population the clinic serves, and staff who are trained to make accommodations to meet the
254.9 needs of clients with disabilities.

254.10 Subd. 2. Management team requirements. (a) The management team must include,
254.11 at minimum, a chief executive officer or executive director and a medical director.

254.12 (b) The medical director does not need to be a full-time employee of the CCBHC.

254.13 (c) Depending on the size of the CCBHC, both positions may be held by the same person.

254.14 (d) The medical director must ensure the medical component of care and the integration
254.15 of behavioral health, including addictions, and primary care are facilitated.

254.16 (e) The medical director must be a medically trained behavioral health care provider
254.17 with appropriate education and licensure with prescription authority in psychopharmacology
254.18 who can prescribe and manage medications independently.

254.19 Subd. 3. Providers licensed to manage medication. The CCBHC must directly employ
254.20 or through formal arrangement utilize a medically trained behavioral health care provider
254.21 who can independently prescribe and manage medications, including buprenorphine and
254.22 other medications used to treat opioid and alcohol use disorders.

254.23 Subd. 4. Alcohol and drug counselors. A CCBHC must have staff, either directly
254.24 employed or available through formal arrangements, who are credentialed substance use
254.25 disorder specialists licensed under chapter 148F.

254.26 Subd. 5. Peer services. A CCBHC must have staff, either directly employed or available
254.27 through formal arrangements, who are credentialed to provide peer support services under
254.28 section 256B.0615, 256B.0616, or 245G.07, subdivision 2, clause (8).

254.29 EFFECTIVE DATE. This section is effective July 1, 2023, or upon federal approval,
254.30 whichever is later. The commissioner of human services shall notify the revisor of statutes
254.31 when federal approval is obtained.

255.1 **Sec. 7. [245.7356] TRAINING REQUIREMENTS.**

255.2 Subdivision 1. **Training plan.** (a) A CCBHC must follow training plan requirements
255.3 in existing statutes for specific certifications, licenses, providers, or service lines.

255.4 (b) A CCBHC must have a training plan, for all employed and contracted staff, and for
255.5 providers at designated collaborating organizations who have contact with CCBHC clients.

255.6 Subd. 2. **Training requirements.** (a) A CCBHC must ensure that any staff who is not
255.7 a veteran has training about military and veterans' culture in order to be able to understand
255.8 the unique experiences and contributions of those who have served their country.

255.9 (b) At orientation and annually, a CCBHC must provide training about: (1) risk
255.10 assessment, suicide prevention, and suicide response; and (2) the roles of families and peers.

255.11 (c) Credentialed personnel must comply with state licensing or certification requirements
255.12 and other requirements issued by the commissioner in accordance with requirements under
255.13 the Medicaid state plan.

255.14 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
255.15 whichever is later. The commissioner of human services shall notify the revisor of statutes
255.16 when federal approval is obtained.

255.17 **Sec. 8. [245.7357] ACCESSIBILITY AND AVAILABILITY OF SERVICES.**

255.18 Subdivision 1. **Accessibility and availability of services.** (a) A CCBHC must ensure
255.19 that clinic services are available and accessible to individuals and families of all ages and
255.20 genders and that crisis management services are available 24 hours per day.

255.21 (b) A CCBHC must provide a safe, functional, clean, and welcoming environment for
255.22 clients and staff, conducive to the provision of services identified in program requirement.

255.23 (c) A CCBHC must provide outpatient clinical services during times that ensure
255.24 accessibility and meet the needs of the client population to be served, including some nights
255.25 and weekend hours.

255.26 (d) If a CCBHC serves individuals with limited English proficiency or with
255.27 language-based disabilities, the CCBHC must take reasonable steps to provide meaningful
255.28 access to services for those clients.

255.29 (e) A CCBHC must use culturally and linguistically appropriate screening tools and
255.30 approaches that accommodate disabilities when appropriate.

256.1 (f) A CCBHC must ensure that interpretation and translation service are provided that
256.2 are appropriate and timely for the size and needs of the limited-English-proficiency CCBHC
256.3 client population. Any translation service providers must be trained to function in a medical
256.4 and, preferably, a behavioral health setting.

256.5 (g) A CCBHC must ensure that documents or messages vital to a client's ability to access
256.6 services, such as registration forms, sliding scale fee discount schedules, after-hours coverage,
256.7 and signage are available for clients in languages common in the community served. A
256.8 CCBHC must take into account literacy levels and the need for alternative formats for clients
256.9 with disabilities. Such materials must be provided in a timely manner at intake. The requisite
256.10 languages must be informed by the needs assessment prepared prior to certification and
256.11 updated as necessary.

256.12 Subd. 2. **Sliding fee scales.** (a) A CCBHC must establish fees for clinic services for
256.13 individuals who are not enrolled in medical assistance using a sliding fee to ensure that
256.14 services to clients are not denied or limited due to an individual's inability to pay for services.

256.15 (b) The CCBHC must have written policies and procedures describing eligibility for
256.16 and implementation of the sliding fee discount schedule. The policies under this subdivision
256.17 must be applied equally to all individuals seeking services.

256.18 (c) The CCBHC must ensure that no individual is denied behavioral health care services,
256.19 including but not limited to crisis management services, because of place of residence or
256.20 homelessness or lack of a permanent address.

256.21 Subd. 3. **Access accommodations.** (a) A CCBHC must have protocols addressing the
256.22 needs of clients who do not live close to the CCBHC or within the CCBHC's geographic
256.23 service area. A CCBHC must provide, at a minimum, crisis response, evaluation, and
256.24 stabilization services regardless of place of residence. The required protocols under this
256.25 subdivision must address management of an out-of-geographic-area individual's ongoing
256.26 treatment needs beyond those required under this paragraph. The protocols may provide
256.27 for agreements with clinics in other localities, allowing CCBHCs to refer and track clients
256.28 seeking noncrisis services to the CCBHC or other clinic serving the client's county of
256.29 residence. For distant clients within the CCBHC's geographic service area, CCBHCs shall
256.30 consider the use of telehealth or telemedicine to the extent practicable. In no circumstances
256.31 may any individual be refused services because of place of residence.

256.32 (b) To the extent possible, a CCBHC must provide transportation or transportation
256.33 vouchers for clients.

257.1 (c) To the extent possible, a CCBHC must utilize mobile in-home, telehealth and
257.2 telemedicine, and online treatment services to ensure clients have access to all required
257.3 services.

257.4 (d) A CCBHC must engage in outreach and engagement activities to assist individuals
257.5 and families to access benefits and formal or informal services to address behavioral health
257.6 conditions and needs.

257.7 (e) Consistent with requirements of privacy, confidentiality, and client preference and
257.8 need, a CCBHC must assist individuals and families of children and youth referred to
257.9 external providers or resources in obtaining an appointment and must confirm the
257.10 appointment was kept.

257.11 Subd. 4. **Addressing cultural needs.** A CCBHC must ensure all CCBHC services,
257.12 including those supplied by its designated collaborating organizations, conform to the
257.13 requirements of section 2402(a) of the Affordable Care Act; reflect person- and
257.14 family-centered, recovery-oriented care; and are respectful of the individual's needs,
257.15 preferences, and values. Person-centered and family-centered care includes care that
257.16 recognizes the particular cultural and other needs of the individual. This includes but is not
257.17 limited to services for clients who are American Indian or Alaska Native (AI/AN), for whom
257.18 access to traditional approaches or medicines may be part of CCBHC services. For clients
257.19 who are AI/AN, these services may be provided either directly or by formal arrangement
257.20 with Tribal providers.

257.21 Subd. 5. **Needs assessment.** As part of the process leading to certification, the
257.22 commissioner must prepare an assessment of the needs of a prospective CCBHC's target
257.23 client population and a staffing plan. The needs assessment must include cultural, linguistic,
257.24 and treatment needs. The needs assessment must be performed prior to certification of a
257.25 CCBHC in order to inform staffing and services. After certification, a CCBHC must update
257.26 the needs assessment and the staffing plan, including both client and family and caregiver
257.27 input. The needs assessment and staffing plan must be updated no less frequently than every
257.28 three years.

257.29 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
257.30 whichever is later. The commissioner of human services shall notify the revisor of statutes
257.31 when federal approval is obtained.

258.1 Sec. 9. [245.7358] REQUIRED SERVICES.

258.2 Subdivision 1. Generally. CCBHCs must provide nine core services identified in
258.3 subdivisions 2 and 3.

258.4 Subd. 2. Required services to be provided directly. Unless otherwise specified in
258.5 sections 245.7351 to 245.736 and approved by the commissioner, a CCBHC must directly
258.6 provide the following:

258.7 (1) ambulatory withdrawal management services ASAM levels 1.0 and 2.0;

258.8 (2) treatment planning;

258.9 (3) screening, assessment, diagnosis, and risk assessment;

258.10 (4) outpatient mental health treatment; and

258.11 (5) substance use disorder treatment services for both adult and adolescent populations.

258.12 Subd. 3. Direct or contracted required services. A CCBHC must provide the following
258.13 services directly or via formal relationships with designated collaborating organizations:

258.14 (1) targeted case management;

258.15 (2) outpatient primary care screening and monitoring;

258.16 (3) community-based mental health care for veterans;

258.17 (4) peer, family support, and counselor services;

258.18 (5) psychiatric rehabilitation services; and

258.19 (6) crisis services conducted by a state-sanctioned provider.

258.20 Subd. 4. Care coordination required. A CCBHC must directly provide coordination
258.21 of care across settings and providers to ensure seamless transitions for individuals being
258.22 served across the full spectrum of health services, including acute, chronic, and behavioral
258.23 needs. Care coordination may be accomplished through partnerships or formal contracts
258.24 with:

258.25 (1) counties, health plans, pharmacists, pharmacies, rural health clinics, federally qualified
258.26 health centers, inpatient psychiatric facilities, substance use and detoxification facilities, or
258.27 community-based mental health providers; and

258.28 (2) other community services, supports, and providers, including schools, child welfare
258.29 agencies, juvenile and criminal justice agencies, Indian health services clinics, Tribally
258.30 licensed health care and mental health facilities, urban Indian health clinics, Department of

259.1 Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals,
259.2 and hospital outpatient clinics.

259.3 Subd. 5. **Outreach and engagement required.** A CCBHC must provide outreach and
259.4 engagement services to the community, including promoting accessibility and culturally
259.5 and linguistically competent care, educating prospective CCBHC recipients about available
259.6 services, and connecting prospective CCBHC recipients with needed services.

259.7 Subd. 6. **Initial evaluation; required elements.** (a) An initial evaluation must be
259.8 completed by a mental health professional or clinical trainee and approved by a mental
259.9 health professional as defined in section 245I.04, subdivision 2.

259.10 (b) The timing of initial evaluation administration must be determined based on results
259.11 of the preliminary screening and risk assessment. If a client is assessed to be experiencing
259.12 a crisis-level behavioral health need, care must be provided immediately or within three
259.13 hours. If an urgent need is identified, the initial evaluation must be completed within one
259.14 business day. For all other new clients, an initial evaluation is required within ten business
259.15 days of the preliminary screening and risk assessment.

259.16 (c) Initial evaluation equivalents, as defined by the commissioner, may be completed to
259.17 satisfy the requirement for the initial evaluation under this subdivision.

259.18 (d) The initial evaluation must include the following components:

259.19 (1) all data elements listed in section 245I.10, subdivision 5;

259.20 (2) the client's gender, ethnicity, and race;

259.21 (3) the client's insurance type and status and referral source;

259.22 (4) the client's primary and secondary language;

259.23 (5) the client's current housing status;

259.24 (6) for a client reporting substance use, an assessment of withdrawal potential;

259.25 (7) a list of current prescriptions and over-the-counter medications, as well as other
259.26 substances the client may be taking;

259.27 (8) an assessment of whether the client is a risk to self or to others, including suicide
259.28 risk factors;

259.29 (9) an assessment of whether the client has other concerns for their safety;

259.30 (10) an assessment of need for medical care with referral and follow-up as required;

260.1 (11) a determination of whether the client presently is or ever has been a member of the
260.2 United States armed forces; and

260.3 (12) recommendations for services and preliminary treatment plan.

260.4 (e) For programs governed by sections 245.7351 to 245.736, the CCBHC initial evaluation
260.5 requirements in this subdivision satisfy the requirements in:

260.6 (1) section 245I.10, subdivision 5;

260.7 (2) section 256B.0943, subdivisions 3 and 6, paragraph (b), clauses (1) and (2);

260.8 (3) section 256B.0623, subdivision 3, clause (4);

260.9 (4) section 245.4881, subdivisions 3 and 4;

260.10 (5) section 245.4711, subdivisions 3 and 4;

260.11 (6) Minnesota Rules, part 9520.0909, subpart 1;

260.12 (7) Minnesota Rules, part 9520.0910, subpart 1;

260.13 (8) Minnesota Rules, part 9520.0914, subpart 2, items A and B;

260.14 (9) Minnesota Rules, part 9520.0918, subparts 1 and 2; and

260.15 (10) Minnesota Rules, part 9520.0919, subparts 1 and 2.

260.16 **Subd. 7. Comprehensive evaluation; required elements.** (a) All new CCBHC clients
260.17 must receive a comprehensive person-centered and family-centered diagnostic and treatment
260.18 planning evaluation to be completed within 60 calendar days following the preliminary
260.19 screening and risk assessment.

260.20 (b) The comprehensive evaluation must be completed by a mental health professional
260.21 or clinical trainee and approved by a mental health professional as defined in section 245I.04,
260.22 subdivision 2.

260.23 (c) A comprehensive evaluation includes a review and synthesis of existing information
260.24 obtained from external sources, including the use of an externally completed diagnostic
260.25 assessment, internal staff, preliminary screening and risk assessment, crisis assessment,
260.26 initial evaluation, primary care screenings, and other services received at the CCBHC.

260.27 (d) The assessor must complete a client's comprehensive evaluation within the client's
260.28 cultural context.

261.1 (e) When a CCBHC client is engaged in substance use disorder services provided by
261.2 the CCBHC, the comprehensive evaluation must also be approved by an alcohol and drug
261.3 counselor as defined in section 245G.11, subdivision 5.

261.4 (f) A CCBHC comprehensive evaluation completed according to the standards in
261.5 subdivision 7 replaces the requirements for a comprehensive assessment in section 245G.05,
261.6 subdivision 1, if the following items are included in the comprehensive evaluation:

261.7 (1) chemical use history, including the amounts and types of chemicals, frequency and
261.8 duration, periods of abstinence, and circumstances of relapse;

261.9 (2) for each chemical used within the previous 30 days, the date and time of most recent
261.10 use and withdrawal potential;

261.11 (3) previous attempts at treatment for chemical use or gambling;

261.12 (4) problem behaviors when under the influence of chemicals; and

261.13 (5) legal interventions and arrests.

261.14 (g) The comprehensive evaluation must include the following components:

261.15 (1) all data elements listed in section 245I.10, subdivision 6;

261.16 (2) the client's gender, ethnicity, and race;

261.17 (3) the client's insurance status and type and referral source;

261.18 (4) the client's primary and secondary language;

261.19 (5) a determination of whether the client presently is or ever has been a member of the
261.20 United States armed forces;

261.21 (6) if an initial evaluation was completed, an update on each component;

261.22 (7) for a client who reports substance use, an assessment of withdrawal potential;

261.23 (8) an assessment of need for medical care and follow-up as required;

261.24 (9) any drug allergies;

261.25 (10) the client's legal issues;

261.26 (11) the client's parenting status; and

261.27 (12) any data obtained from administration of an approved depression screening tool.

261.28 (h) A comprehensive evaluation must be updated at least annually for all adult clients
261.29 who continue to engage in behavioral health services, and:

262.1 (1) when the client's presentation does not appear to align with the current diagnostic
262.2 formulation; or

262.3 (2) when the client or mental health professional suspect the emergence of a new
262.4 diagnosis.

262.5 (i) A comprehensive evaluation update must contain the following components:

262.6 (1) a written update detailing all significant new or changed mental health symptoms,
262.7 as well as a description of how the new or changed symptoms are impacting functioning;

262.8 (2) any diagnostic formulation updates, including rationale for new diagnoses as needed;
262.9 and

262.10 (3) a rationale for removal of any existing diagnoses, as needed.

262.11 (j) When completing a comprehensive evaluation of a client who is five years of age or
262.12 younger, the assessor must use the current edition of the DC: 0-5 Diagnostic Classification
262.13 of Mental Health and Development Disorders of Infancy and Early Childhood published
262.14 by Zero to Three. The comprehensive evaluation of children age five years and younger:

262.15 (1) must include an initial session without the client present and may include treatment
262.16 to the parents or guardians along with inquiring about the child;

262.17 (2) may consist of three to five separate encounters;

262.18 (3) must incorporate the level of care assessment;

262.19 (4) must be completed prior to recommending additional CCBHC services; and

262.20 (5) must not contain scoring of the American Society of Addiction Medicine six
262.21 dimensions.

262.22 (k) For programs governed by sections 245.7351 to 245.736, the CCBHC initial
262.23 evaluation requirements in this subdivision satisfy the requirements in:

262.24 (1) section 245I.10, subdivision 2a;

262.25 (2) section 245I.10, subdivisions 4 to 6;

262.26 (3) section 245G.04, subdivision 1;

262.27 (4) section 256B.0943, subdivisions 3 and 6, paragraph (b), clause (1);

262.28 (5) section 256B.0623, subdivision 3, clause (4);

262.29 (6) section 245.4711, subdivision 2;

262.30 (7) section 245.4881, subdivision 2;

263.1 (8) Minnesota Rules, part 9520.0910, subpart 1;

263.2 (9) Minnesota Rules, part 9520.0909, subpart 1; and

263.3 (10) Minnesota Rules, part 9520.0914, subpart 2, items A and B.

263.4 **Subd. 8. Integrated treatment plan; required elements.** (a) An integrated treatment
263.5 plan must be approved by a mental health professional as defined in section 245I.04,
263.6 subdivision 2.

263.7 (b) An integrated treatment plan must be completed within 60 calendar days following
263.8 the completion of the preliminary screening and risk assessment.

263.9 (c) An integrated treatment plan must use the American Society of Addiction Medicine
263.10 six-dimensional framework; be structured as defined in section 245I.10, subdivisions 7 and
263.11 8; and use a person- and family-centered planning process that includes the client, any
263.12 family or client-identified natural supports, CCBHC service providers, and care coordination
263.13 staff.

263.14 (d) An integrated treatment plan must be updated at least every six months or earlier
263.15 based on changes in the client's circumstances.

263.16 (e) When a client is engaged in substance use disorder services at a CCBHC, the
263.17 integrated treatment plan must also be approved by an alcohol and drug counselor as defined
263.18 in section 245G.11, subdivision 5.

263.19 (f) The treatment plan must integrate prevention, medical and behavioral health needs,
263.20 and service delivery and must be developed by the CCBHC in collaboration with and
263.21 endorsed by the client, the adult client's family to the extent the client wishes, or family or
263.22 caregivers of youth and children. The treatment plan must also be coordinated with staff or
263.23 programs necessary to carry out the plan.

263.24 (g) The CCBHC integrated treatment plan requirements in this subdivision replaces the
263.25 requirements in sections:

263.26 (1) 256B.0943, subdivision 6, paragraph (b), clause (2);

263.27 (2) 245I.10, subdivisions 7 and 8;

263.28 (3) 245G.06, subdivision 1; and

263.29 (4) 245G.09, subdivision 3, clause (6).

263.30 **Subd. 9. Exemptions to evaluation and treatment planning requirements.** (a) In
263.31 situations where a CCBHC client is receiving exclusively psychiatric evaluation and

264.1 management services and no other CCBHC services, the psychiatric history and physical
264.2 fulfills requirements for the comprehensive evaluation, and a separate comprehensive
264.3 evaluation is not required.

264.4 (b) Each new client must have a preliminary screening and risk assessment.

264.5 (c) Evaluation and management documentation and treatment goals fulfill requirements
264.6 for the CCBHC integrated treatment plan.

264.7 (d) Comprehensive evaluation updates and integrated treatment plan updates are not
264.8 required for clients receiving exclusively psychiatric evaluation and management services.

264.9 (e) If the client is subsequently referred to any other CCBHC service, a comprehensive
264.10 evaluation and integrated treatment plan must be completed within 60 calendar days of the
264.11 referral, and the client must have comprehensive evaluation and integrated treatment plan
264.12 updates as defined in subdivisions 7 and 8.

264.13 (f) Clients receiving exclusively psychiatric evaluation and management services must
264.14 be provided with information about the full array of services available to them within the
264.15 CCBHC at the first appointment for new clients and next scheduled appointment for existing
264.16 clients. This can be accomplished via face-to-face meeting with a care coordinator or
264.17 incorporated into a scheduled meeting with the psychiatric provider. The provider must
264.18 document client receipt of this information within the client's electronic health record.

264.19 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
264.20 whichever is later. The commissioner of human services shall notify the revisor of statutes
264.21 when federal approval is obtained.

264.22 Sec. 10. **[245.7359] REQUIRED EVIDENCE-BASED SERVICES.**

264.23 Subdivision 1. **Generally.** A CCBHC must use evidence-based practices in all services.
264.24 Treatments must be provided in a manner appropriate for each client's phase of life and
264.25 development, specifically considering what is appropriate for children, adolescents,
264.26 transition-age youth, and older adults, as distinct groups for whom life stage and functioning
264.27 may affect treatment. Specifically, when treating children and adolescents, a CCHBC must
264.28 provide evidence-based services that are developmentally appropriate, youth guided, and
264.29 family and caregiver driven. When treating older adults, an individual client's desires and
264.30 functioning must be considered, and appropriate evidence-based treatments must be provided.
264.31 When treating individuals with developmental or other cognitive disabilities, level of
264.32 functioning must be considered, and appropriate evidence-based treatments must be provided.

265.1 The treatments referenced in this subdivision must be delivered by staff with specific training
265.2 in treating the segment of the population being served.

265.3 Subd. 2. **Required evidence-based practices.** A CCBHC must use evidence-based
265.4 practices, including the use of cognitive behavioral therapy, motivational interviewing,
265.5 stages of change, and trauma treatment appropriate for populations being served.

265.6 Subd. 3. **Issuance of and amendments to evidence-based practices requirements.** The
265.7 commissioner must issue a list of required evidence-based practices to be delivered by
265.8 CCBHCs and may also provide a list of recommended evidence-based practices. The
265.9 commissioner may update the list to reflect advances in outcomes research and medical
265.10 services for persons living with mental illnesses or substance use disorders. The commissioner
265.11 must take into consideration the adequacy of evidence to support the efficacy of the practice,
265.12 the quality of workforce available, and the current availability of the practice in the state.
265.13 At least 30 days before issuing the initial list and any revisions, the commissioner must
265.14 provide stakeholders with an opportunity to comment.

265.15 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
265.16 whichever is later. The commissioner of human services shall notify the revisor of statutes
265.17 when federal approval is obtained.

265.18 Sec. 11. [245.736] **DESIGNATED COLLABORATING ORGANIZATION.**

265.19 Subdivision 1. **Generally.** A CCBHC must directly provide a core set of services listed
265.20 in section 245.7358, subdivision 2, and may directly provide or contract for the remainder
265.21 of the services listed in section 245.7358, subdivision 3, with a designated collaborating
265.22 organization as defined in section 245.7351, subdivision 10, that has the required authority
265.23 to provide that service and that meets the criteria as a designated collaborating organization
265.24 under subdivision 2.

265.25 Subd. 2. **Designated collaborating organization requirements.** (a) A CCBHC providing
265.26 CCBHC services via a designated collaborating organization agreement must:

265.27 (1) have a formal agreement, as defined in section 245.7351, subdivision 11, with the
265.28 designated collaborating organization to furnish one or more of the allowable services listed
265.29 under section 245.7358, subdivision 3;

265.30 (2) ensure that CCBHC services provided by a designated collaborating organization
265.31 must be provided in accordance with CCBHC service standards and provider requirements;

265.32 (3) maintain responsibility for coordinating care and clinical and financial responsibility
265.33 for the services provided by a designated collaborating organization;

266.1 (4) as applicable and necessary, ensure that a contracted designated collaborating
266.2 organization participates in CCBHC care coordination activities, including utilizing health
266.3 information technology to facilitate coordination and care transfers across organizations
266.4 and arranging access to data necessary for quality and financial operations and reporting;

266.5 (5) ensure beneficiaries receiving CCBHC services at the designated collaborating
266.6 organization have access to the CCBHC grievance process;

266.7 (6) submit all designated collaborating organization agreements for review and approval
266.8 by the commissioner prior to the designated collaborating organization furnishing CCBHC
266.9 services; and

266.10 (7) meet any additional requirements issued by the commissioner.

266.11 (b) Designated collaborating organization agreements must be submitted during the
266.12 certification process. Adding new designated collaborating organization relationships after
266.13 initial certification requires updates to the CCBHC certification. A CCBHC must update
266.14 designated collaborating organization information and the designated collaborating
266.15 organization agreement with the commissioner a minimum of 30 days prior to the execution
266.16 of a designated collaborating organization agreement. The commissioner must review and
266.17 approve or offer recommendations for designated collaborating organization agreement
266.18 modifications

266.19 (c) Designated collaborating organizations furnishing services under an agreement with
266.20 CCBHCs must meet all standards established in sections 245.7351 to 245.736 for the service
266.21 the designated collaborating organization is providing. CCBHCs maintain responsibility
266.22 for care coordination and are clinically and financially responsible for CCBHC services
266.23 provided by a designated collaborating organization.

266.24 (d) Designated collaborating organization financial and payment processes must follow
266.25 those outlined in section 256B.0625, subdivision 5m, paragraph (c), clause (10).

266.26 Subd. 3. **Designated collaborative organization agreements.** Designated collaborative
266.27 organization agreements must include:

266.28 (1) the scope of CCBHC services to be furnished;

266.29 (2) the payment methodology and rates for purchased services;

266.30 (3) a requirement that the CCBHC maintains financial and clinical responsibility for
266.31 services provided by the designated collaborating organization;

266.32 (4) a requirement that the CCBHC retains responsibility for care coordination;

267.1 (5) a requirement that the designated collaborating organization must have the necessary
 267.2 certifications, licenses, and enrollments to provide the services;

267.3 (6) a requirement that the staff providing CCBHC services within the designated
 267.4 collaborating organization must have the proper licensure for the services provided;

267.5 (7) a requirement that the designated collaborating organization meets CCBHC cultural
 267.6 competency and training requirements;

267.7 (8) a requirement that the designated collaborating organization must follow all federal,
 267.8 state, and CCBHC requirements for confidentiality and data privacy;

267.9 (9) a requirement that the designated collaborating organization must follow the grievance
 267.10 procedures of the CCBHC;

267.11 (10) a requirement that the designated collaborating organization must follow the CCBHC
 267.12 requirements for person- and family-centered, recovery-oriented care, being respectful of
 267.13 the individual person's needs, preferences, and values, and ensuring involvement by the
 267.14 person being served and self-direction of services received. Services for children and youth
 267.15 must be family-centered, youth-guided, and developmentally appropriate;

267.16 (11) a requirement that clients seeking services must have freedom of choice of providers;

267.17 (12) a requirement that the designated collaborating organization must be part of the
 267.18 CCBHCs health information technology system directly or through data integration;

267.19 (13) a requirement that the designated collaborating organization must provide all clinical
 267.20 and financial data necessary to support CCBHC required service and billing operations;

267.21 and

267.22 (14) a requirement that the CCBHC and the designated collaborating organization have
 267.23 safeguards in place to ensure that the designated collaborating organization does not receive
 267.24 a duplicate payment for services that are included in the CCBHC's daily bundled rate.

267.25 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
 267.26 whichever is later. The commissioner of human services shall notify the revisor of statutes
 267.27 when federal approval is obtained.

267.28 Sec. 12. Minnesota Statutes 2022, section 245A.02, subdivision 2c, is amended to read:

267.29 Subd. 2c. **Annual or annually; family child care training requirements.** For the
 267.30 purposes of sections 245A.50 to 245A.53, "annual" or "annually" means ~~the 12-month~~
 267.31 ~~period beginning on the license effective date or the annual anniversary of the effective date~~

268.1 ~~and ending on the day prior to the annual anniversary of the license effective date~~ each
268.2 calendar year.

268.3 Sec. 13. Minnesota Statutes 2022, section 245A.04, subdivision 1, is amended to read:

268.4 Subdivision 1. **Application for licensure.** (a) An individual, organization, or government
268.5 entity that is subject to licensure under section 245A.03 must apply for a license. The
268.6 application must be made on the forms and in the manner prescribed by the commissioner.
268.7 The commissioner shall provide the applicant with instruction in completing the application
268.8 and provide information about the rules and requirements of other state agencies that affect
268.9 the applicant. An applicant seeking licensure in Minnesota with headquarters outside of
268.10 Minnesota must have a program office located within 30 miles of the Minnesota border.
268.11 An applicant who intends to buy or otherwise acquire a program or services licensed under
268.12 this chapter that is owned by another license holder must apply for a license under this
268.13 chapter and comply with the application procedures in this section and section 245A.03.

268.14 The commissioner shall act on the application within 90 working days after a complete
268.15 application and any required reports have been received from other state agencies or
268.16 departments, counties, municipalities, or other political subdivisions. The commissioner
268.17 shall not consider an application to be complete until the commissioner receives all of the
268.18 required information.

268.19 When the commissioner receives an application for initial licensure that is incomplete
268.20 because the applicant failed to submit required documents or that is substantially deficient
268.21 because the documents submitted do not meet licensing requirements, the commissioner
268.22 shall provide the applicant written notice that the application is incomplete or substantially
268.23 deficient. In the written notice to the applicant the commissioner shall identify documents
268.24 that are missing or deficient and give the applicant 45 days to resubmit a second application
268.25 that is substantially complete. An applicant's failure to submit a substantially complete
268.26 application after receiving notice from the commissioner is a basis for license denial under
268.27 section 245A.05.

268.28 (b) An application for licensure must identify all controlling individuals as defined in
268.29 section 245A.02, subdivision 5a, and must designate one individual to be the authorized
268.30 agent. The application must be signed by the authorized agent and must include the authorized
268.31 agent's first, middle, and last name; mailing address; and email address. By submitting an
268.32 application for licensure, the authorized agent consents to electronic communication with
268.33 the commissioner throughout the application process. The authorized agent must be
268.34 authorized to accept service on behalf of all of the controlling individuals. A government

269.1 entity that holds multiple licenses under this chapter may designate one authorized agent
269.2 for all licenses issued under this chapter or may designate a different authorized agent for
269.3 each license. Service on the authorized agent is service on all of the controlling individuals.
269.4 It is not a defense to any action arising under this chapter that service was not made on each
269.5 controlling individual. The designation of a controlling individual as the authorized agent
269.6 under this paragraph does not affect the legal responsibility of any other controlling individual
269.7 under this chapter.

269.8 (c) An applicant or license holder must have a policy that prohibits license holders,
269.9 employees, subcontractors, and volunteers, when directly responsible for persons served
269.10 by the program, from abusing prescription medication or being in any manner under the
269.11 influence of a chemical that impairs the individual's ability to provide services or care. The
269.12 license holder must train employees, subcontractors, and volunteers about the program's
269.13 drug and alcohol policy.

269.14 (d) An applicant and license holder must have a program grievance procedure that permits
269.15 persons served by the program and their authorized representatives to bring a grievance to
269.16 the highest level of authority in the program.

269.17 (e) The commissioner may limit communication during the application process to the
269.18 authorized agent or the controlling individuals identified on the license application and for
269.19 whom a background study was initiated under chapter 245C. Upon implementation of the
269.20 provider licensing and reporting hub, applicants and license holders must use the hub in the
269.21 manner prescribed by the commissioner. The commissioner may require the applicant,
269.22 except for child foster care, to demonstrate competence in the applicable licensing
269.23 requirements by successfully completing a written examination. The commissioner may
269.24 develop a prescribed written examination format.

269.25 (f) When an applicant is an individual, the applicant must provide:

269.26 (1) the applicant's taxpayer identification numbers including the Social Security number
269.27 or Minnesota tax identification number, and federal employer identification number if the
269.28 applicant has employees;

269.29 (2) at the request of the commissioner, a copy of the most recent filing with the secretary
269.30 of state that includes the complete business name, if any;

269.31 (3) if doing business under a different name, the doing business as (DBA) name, as
269.32 registered with the secretary of state;

270.1 (4) if applicable, the applicant's National Provider Identifier (NPI) number and Unique
270.2 Minnesota Provider Identifier (UMPI) number; and

270.3 (5) at the request of the commissioner, the notarized signature of the applicant or
270.4 authorized agent.

270.5 (g) When an applicant is an organization, the applicant must provide:

270.6 (1) the applicant's taxpayer identification numbers including the Minnesota tax
270.7 identification number and federal employer identification number;

270.8 (2) at the request of the commissioner, a copy of the most recent filing with the secretary
270.9 of state that includes the complete business name, and if doing business under a different
270.10 name, the doing business as (DBA) name, as registered with the secretary of state;

270.11 (3) the first, middle, and last name, and address for all individuals who will be controlling
270.12 individuals, including all officers, owners, and managerial officials as defined in section
270.13 245A.02, subdivision 5a, and the date that the background study was initiated by the applicant
270.14 for each controlling individual;

270.15 (4) if applicable, the applicant's NPI number and UMPI number;

270.16 (5) the documents that created the organization and that determine the organization's
270.17 internal governance and the relations among the persons that own the organization, have
270.18 an interest in the organization, or are members of the organization, in each case as provided
270.19 or authorized by the organization's governing statute, which may include a partnership
270.20 agreement, bylaws, articles of organization, organizational chart, and operating agreement,
270.21 or comparable documents as provided in the organization's governing statute; and

270.22 (6) the notarized signature of the applicant or authorized agent.

270.23 (h) When the applicant is a government entity, the applicant must provide:

270.24 (1) the name of the government agency, political subdivision, or other unit of government
270.25 seeking the license and the name of the program or services that will be licensed;

270.26 (2) the applicant's taxpayer identification numbers including the Minnesota tax
270.27 identification number and federal employer identification number;

270.28 (3) a letter signed by the manager, administrator, or other executive of the government
270.29 entity authorizing the submission of the license application; and

270.30 (4) if applicable, the applicant's NPI number and UMPI number.

271.1 (i) At the time of application for licensure or renewal of a license under this chapter, the
 271.2 applicant or license holder must acknowledge on the form provided by the commissioner
 271.3 if the applicant or license holder elects to receive any public funding reimbursement from
 271.4 the commissioner for services provided under the license that:

271.5 (1) the applicant's or license holder's compliance with the provider enrollment agreement
 271.6 or registration requirements for receipt of public funding may be monitored by the
 271.7 commissioner as part of a licensing investigation or licensing inspection; and

271.8 (2) noncompliance with the provider enrollment agreement or registration requirements
 271.9 for receipt of public funding that is identified through a licensing investigation or licensing
 271.10 inspection, or noncompliance with a licensing requirement that is a basis of enrollment for
 271.11 reimbursement for a service, may result in:

271.12 (i) a correction order or a conditional license under section 245A.06, or sanctions under
 271.13 section 245A.07;

271.14 (ii) nonpayment of claims submitted by the license holder for public program
 271.15 reimbursement;

271.16 (iii) recovery of payments made for the service;

271.17 (iv) disenrollment in the public payment program; or

271.18 (v) other administrative, civil, or criminal penalties as provided by law.

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

271.20 Sec. 14. Minnesota Statutes 2022, section 245A.04, subdivision 7, is amended to read:

271.21 Subd. 7. **Grant of license; license extension.** (a) If the commissioner determines that
 271.22 the program complies with all applicable rules and laws, the commissioner shall issue a
 271.23 license consistent with this section or, if applicable, a temporary change of ownership license
 271.24 under section 245A.043. At minimum, the license shall state:

271.25 (1) the name of the license holder;

271.26 (2) the address of the program;

271.27 (3) the effective date and expiration date of the license;

271.28 (4) the type of license;

271.29 (5) the maximum number and ages of persons that may receive services from the program;

271.30 and

272.1 (6) any special conditions of licensure.

272.2 (b) The commissioner may issue a license for a period not to exceed two years if:

272.3 (1) the commissioner is unable to conduct the evaluation or observation required by
272.4 subdivision 4, paragraph (a), clause (4), because the program is not yet operational;

272.5 (2) certain records and documents are not available because persons are not yet receiving
272.6 services from the program; and

272.7 (3) the applicant complies with applicable laws and rules in all other respects.

272.8 (c) A decision by the commissioner to issue a license does not guarantee that any person
272.9 or persons will be placed or cared for in the licensed program.

272.10 (d) Except as provided in paragraphs ~~(f) and (g)~~ (i) and (j), the commissioner shall not
272.11 issue ~~or reissue~~ a license if the applicant, license holder, or an affiliated controlling individual
272.12 has:

272.13 (1) been disqualified and the disqualification was not set aside and no variance has been
272.14 granted;

272.15 (2) been denied a license under this chapter, within the past two years;

272.16 (3) had a license issued under this chapter revoked within the past five years; or

272.17 ~~(4) an outstanding debt related to a license fee, licensing fine, or settlement agreement~~
272.18 ~~for which payment is delinquent; or~~

272.19 ~~(5)~~ (4) failed to submit the information required of an applicant under subdivision 1,
272.20 paragraph (f) or (g), after being requested by the commissioner.

272.21 When a license issued under this chapter is revoked ~~under clause (1) or (3)~~, the license
272.22 holder and each affiliated controlling individual with a revoked license may not hold any
272.23 license under chapter 245A for five years following the revocation, and other licenses held
272.24 by the applicant, or license holder, or licenses affiliated with each controlling individual
272.25 shall also be revoked.

272.26 (e) Notwithstanding paragraph (d), the commissioner may elect not to revoke a license
272.27 affiliated with a license holder or controlling individual that had a license revoked within
272.28 the past five years if the commissioner determines that (1) the license holder or controlling
272.29 individual is operating the program in substantial compliance with applicable laws and rules,
272.30 and (2) the program's continued operation is in the best interests of the community being
272.31 served.

273.1 (f) Notwithstanding paragraph (d), the commissioner may issue a new license in response
273.2 to an application that is affiliated with an applicant, license holder, or controlling individual
273.3 that had an application denied within the past two years or a license revoked within the past
273.4 five years if the commissioner determines that (1) the applicant or controlling individual
273.5 has operated one or more programs in substantial compliance with applicable laws and
273.6 rules, and (2) the program's operation would be in the best interests of the community to be
273.7 served.

273.8 (g) In determining whether a program's operation would be in the best interests of the
273.9 community to be served, the commissioner shall consider factors such as the number of
273.10 persons served, the availability of alternative services available in the surrounding
273.11 community, the management structure of the program, whether the program provides
273.12 culturally specific services, and other relevant factors.

273.13 ~~(e)~~ (h) The commissioner shall not issue or reissue a license under this chapter if an
273.14 individual living in the household where the services will be provided as specified under
273.15 section 245C.03, subdivision 1, has been disqualified and the disqualification has not been
273.16 set aside and no variance has been granted.

273.17 ~~(f)~~ (i) Pursuant to section 245A.07, subdivision 1, paragraph (b), when a license issued
273.18 under this chapter has been suspended or revoked and the suspension or revocation is under
273.19 appeal, the program may continue to operate pending a final order from the commissioner.
273.20 If the license under suspension or revocation will expire before a final order is issued, a
273.21 temporary provisional license may be issued provided any applicable license fee is paid
273.22 before the temporary provisional license is issued.

273.23 ~~(g)~~ (j) Notwithstanding paragraph ~~(f)~~ (i), when a revocation is based on the
273.24 disqualification of a controlling individual or license holder, and the controlling individual
273.25 or license holder is ordered under section 245C.17 to be immediately removed from direct
273.26 contact with persons receiving services or is ordered to be under continuous, direct
273.27 supervision when providing direct contact services, the program may continue to operate
273.28 only if the program complies with the order and submits documentation demonstrating
273.29 compliance with the order. If the disqualified individual fails to submit a timely request for
273.30 reconsideration, or if the disqualification is not set aside and no variance is granted, the
273.31 order to immediately remove the individual from direct contact or to be under continuous,
273.32 direct supervision remains in effect pending the outcome of a hearing and final order from
273.33 the commissioner.

274.1 ~~(h)~~ (k) For purposes of reimbursement for meals only, under the Child and Adult Care
 274.2 Food Program, Code of Federal Regulations, title 7, subtitle B, chapter II, subchapter A,
 274.3 part 226, relocation within the same county by a licensed family day care provider, shall
 274.4 be considered an extension of the license for a period of no more than 30 calendar days or
 274.5 until the new license is issued, whichever occurs first, provided the county agency has
 274.6 determined the family day care provider meets licensure requirements at the new location.

274.7 ~~(i)~~ (l) Unless otherwise specified by statute, all licenses issued under this chapter expire
 274.8 at 12:01 a.m. on the day after the expiration date stated on the license. A license holder must
 274.9 apply for and be granted a new license to operate the program or the program must not be
 274.10 operated after the expiration date.

274.11 ~~(j)~~ (m) The commissioner shall not issue or reissue a license under this chapter if it has
 274.12 been determined that a tribal licensing authority has established jurisdiction to license the
 274.13 program or service.

274.14 Sec. 15. Minnesota Statutes 2022, section 245A.04, subdivision 7a, is amended to read:

274.15 Subd. 7a. **Notification required.** (a) A license holder must notify the commissioner, in
 274.16 a manner prescribed by the commissioner, and obtain the commissioner's approval before
 274.17 making any change that would alter the license information listed under subdivision 7,
 274.18 paragraph (a).

274.19 (b) A license holder must also notify the commissioner, in a manner prescribed by the
 274.20 commissioner, before making any change:

274.21 (1) to the license holder's authorized agent as defined in section 245A.02, subdivision
 274.22 3b;

274.23 (2) to the license holder's controlling individual as defined in section 245A.02, subdivision
 274.24 5a;

274.25 (3) to the license holder information on file with the secretary of state;

274.26 (4) in the location of the program or service licensed under this chapter; and

274.27 (5) to the federal or state tax identification number associated with the license holder.

274.28 (c) When, for reasons beyond the license holder's control, a license holder cannot provide
 274.29 the commissioner with prior notice of the changes in paragraph (b), clauses (1) to (3), the
 274.30 license holder must notify the commissioner by the tenth business day after the change and
 274.31 must provide any additional information requested by the commissioner.

275.1 (d) When a license holder notifies the commissioner of a change to the license holder
275.2 information on file with the secretary of state, the license holder must provide amended
275.3 articles of incorporation and other documentation of the change.

275.4 (e) Upon implementation of the provider licensing and reporting hub, license holders
275.5 must enter and update information in the hub in a manner prescribed by the commissioner.

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

275.7 Sec. 16. Minnesota Statutes 2022, section 245A.05, is amended to read:

275.8 **245A.05 DENIAL OF APPLICATION.**

275.9 (a) The commissioner may deny a license if an applicant or controlling individual:

275.10 (1) fails to submit a substantially complete application after receiving notice from the
275.11 commissioner under section 245A.04, subdivision 1;

275.12 (2) fails to comply with applicable laws or rules;

275.13 (3) knowingly withholds relevant information from or gives false or misleading
275.14 information to the commissioner in connection with an application for a license or during
275.15 an investigation;

275.16 (4) has a disqualification that has not been set aside under section 245C.22 and no
275.17 variance has been granted;

275.18 (5) has an individual living in the household who received a background study under
275.19 section 245C.03, subdivision 1, paragraph (a), clause (2), who has a disqualification that
275.20 has not been set aside under section 245C.22, and no variance has been granted;

275.21 (6) is associated with an individual who received a background study under section
275.22 245C.03, subdivision 1, paragraph (a), clause (6), who may have unsupervised access to
275.23 children or vulnerable adults, and who has a disqualification that has not been set aside
275.24 under section 245C.22, and no variance has been granted;

275.25 (7) fails to comply with section 245A.04, subdivision 1, paragraph (f) or (g);

275.26 (8) fails to demonstrate competent knowledge as required by section 245A.04, subdivision
275.27 6;

275.28 (9) has a history of noncompliance as a license holder or controlling individual with
275.29 applicable laws or rules, including but not limited to this chapter and chapters 119B and
275.30 245C;

275.31 (10) is prohibited from holding a license according to section 245.095; or

276.1 (11) for a family foster setting, has nondisqualifying background study information, as
 276.2 described in section 245C.05, subdivision 4, that reflects on the individual's ability to safely
 276.3 provide care to foster children.

276.4 (b) An applicant whose application has been denied by the commissioner must be given
 276.5 notice of the denial, which must state the reasons for the denial in plain language. Notice
 276.6 must be given by certified mail ~~or~~, by personal service, or through the provider licensing
 276.7 and reporting hub. The notice must state the reasons the application was denied and must
 276.8 inform the applicant of the right to a contested case hearing under chapter 14 and Minnesota
 276.9 Rules, parts 1400.8505 to 1400.8612. When an order is issued through the hub, the applicant
 276.10 or license holder is deemed to have received the order upon the date of issuance through
 276.11 the hub. The applicant may appeal the denial by notifying the commissioner in writing by
 276.12 certified mail ~~or~~, by personal service, or through the provider licensing and reporting hub.
 276.13 If mailed, the appeal must be postmarked and sent to the commissioner within 20 calendar
 276.14 days after the applicant received the notice of denial. If an appeal request is made by personal
 276.15 service or through the hub, it must be received by the commissioner within 20 calendar days
 276.16 after the applicant received the notice of denial. Section 245A.08 applies to hearings held
 276.17 to appeal the commissioner's denial of an application.

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

276.19 Sec. 17. Minnesota Statutes 2022, section 245A.055, subdivision 2, is amended to read:

276.20 Subd. 2. **Reconsideration of closure.** If a license is closed, the commissioner must
 276.21 notify the license holder of closure by certified mail ~~or~~, by personal service, or through the
 276.22 provider licensing and reporting hub. If mailed, the notice of closure must be mailed to the
 276.23 last known address of the license holder and must inform the license holder why the license
 276.24 was closed and that the license holder has the right to request reconsideration of the closure.
 276.25 If the license holder believes that the license was closed in error, the license holder may ask
 276.26 the commissioner to reconsider the closure. The license holder's request for reconsideration
 276.27 must be made in writing and must include documentation that the licensed program has
 276.28 served a client in the previous 12 months. The request for reconsideration must be postmarked
 276.29 and sent to the commissioner or submitted through the provider licensing and reporting hub
 276.30 within 20 calendar days after the license holder receives the notice of closure. Upon
 276.31 implementation of the provider licensing and reporting hub, the provider must use the hub
 276.32 to request reconsideration. If the order is issued through the provider hub, the reconsideration
 276.33 must be received by the commissioner within 20 calendar days from the date the
 276.34 commissioner issued the order through the hub. A timely request for reconsideration stays

277.1 imposition of the license closure until the commissioner issues a decision on the request for
277.2 reconsideration.

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

277.4 Sec. 18. Minnesota Statutes 2022, section 245A.06, subdivision 1, is amended to read:

277.5 Subdivision 1. **Contents of correction orders and conditional licenses.** (a) If the
277.6 commissioner finds that the applicant or license holder has failed to comply with an
277.7 applicable law or rule and this failure does not imminently endanger the health, safety, or
277.8 rights of the persons served by the program, the commissioner may issue a correction order
277.9 and an order of conditional license to the applicant or license holder. When issuing a
277.10 conditional license, the commissioner shall consider the nature, chronicity, or severity of
277.11 the violation of law or rule and the effect of the violation on the health, safety, or rights of
277.12 persons served by the program. The correction order or conditional license must state the
277.13 following in plain language:

277.14 (1) the conditions that constitute a violation of the law or rule;

277.15 (2) the specific law or rule violated;

277.16 (3) the time allowed to correct each violation; and

277.17 (4) if a license is made conditional, the length and terms of the conditional license, and
277.18 the reasons for making the license conditional.

277.19 (b) Nothing in this section prohibits the commissioner from proposing a sanction as
277.20 specified in section 245A.07, prior to issuing a correction order or conditional license.

277.21 (c) The commissioner may issue a correction order and an order of conditional license
277.22 to the applicant or license holder through the provider licensing and reporting hub. When
277.23 an order is issued through the hub, the applicant or license holder is deemed to have received
277.24 the order upon the date of issuance through the hub.

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

277.26 Sec. 19. Minnesota Statutes 2022, section 245A.06, subdivision 2, is amended to read:

277.27 Subd. 2. **Reconsideration of correction orders.** (a) If the applicant or license holder
277.28 believes that the contents of the commissioner's correction order are in error, the applicant
277.29 or license holder may ask the Department of Human Services to reconsider the parts of the
277.30 correction order that are alleged to be in error. The request for reconsideration must be made
277.31 in writing and must be postmarked and sent to the commissioner or submitted in the provider

278.1 licensing and reporting hub within 20 calendar days after receipt of the correction order by
278.2 the applicant or license holder, and:

278.3 (1) specify the parts of the correction order that are alleged to be in error;

278.4 (2) explain why they are in error; and

278.5 (3) include documentation to support the allegation of error.

278.6 Upon implementation of the provider licensing and reporting hub, the provider must use
278.7 the hub to request reconsideration. A request for reconsideration does not stay any provisions
278.8 or requirements of the correction order. The commissioner's disposition of a request for
278.9 reconsideration is final and not subject to appeal under chapter 14.

278.10 (b) This paragraph applies only to licensed family child care providers. A licensed family
278.11 child care provider who requests reconsideration of a correction order under paragraph (a)
278.12 may also request, on a form and in the manner prescribed by the commissioner, that the
278.13 commissioner expedite the review if:

278.14 (1) the provider is challenging a violation and provides a description of how complying
278.15 with the corrective action for that violation would require the substantial expenditure of
278.16 funds or a significant change to their program; and

278.17 (2) describes what actions the provider will take in lieu of the corrective action ordered
278.18 to ensure the health and safety of children in care pending the commissioner's review of the
278.19 correction order.

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

278.21 Sec. 20. Minnesota Statutes 2022, section 245A.06, subdivision 4, is amended to read:

278.22 Subd. 4. **Notice of conditional license; reconsideration of conditional license.** (a) If
278.23 a license is made conditional, the license holder must be notified of the order by certified
278.24 mail ~~or~~, by personal service, or through the provider licensing and reporting hub. If mailed,
278.25 the notice must be mailed to the address shown on the application or the last known address
278.26 of the license holder. The notice must state the reasons the conditional license was ordered
278.27 and must inform the license holder of the right to request reconsideration of the conditional
278.28 license by the commissioner. The license holder may request reconsideration of the order
278.29 of conditional license by notifying the commissioner by certified mail ~~or~~, by personal service,
278.30 or through the provider licensing and reporting hub. The request must be made in writing.
278.31 If sent by certified mail, the request must be postmarked and sent to the commissioner within
278.32 ten calendar days after the license holder received the order. If a request is made by personal

279.1 service or through the hub, it must be received by the commissioner within ten calendar
279.2 days after the license holder received the order. The license holder may submit with the
279.3 request for reconsideration written argument or evidence in support of the request for
279.4 reconsideration. A timely request for reconsideration shall stay imposition of the terms of
279.5 the conditional license until the commissioner issues a decision on the request for
279.6 reconsideration. If the commissioner issues a dual order of conditional license under this
279.7 section and an order to pay a fine under section 245A.07, subdivision 3, the license holder
279.8 has a right to a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505
279.9 to 1400.8612. The scope of the contested case hearing shall include the fine and the
279.10 conditional license. In this case, a reconsideration of the conditional license will not be
279.11 conducted under this section. If the license holder does not appeal the fine, the license holder
279.12 does not have a right to a contested case hearing and a reconsideration of the conditional
279.13 license must be conducted under this subdivision.

279.14 (b) The commissioner's disposition of a request for reconsideration is final and not
279.15 subject to appeal under chapter 14.

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

279.17 Sec. 21. Minnesota Statutes 2022, section 245A.07, is amended by adding a subdivision
279.18 to read:

279.19 Subd. 2b. **Immediate suspension of residential programs.** For suspensions issued to
279.20 a licensed residential program as defined in section 245A.02, subdivision 14, the effective
279.21 date of the order may be delayed for up to 30 calendar days to provide for the continuity of
279.22 care of service recipients. The license holder must cooperate with the commissioner to
279.23 ensure service recipients receive continued care during the period of the delay and to facilitate
279.24 the transition of service recipients to new providers. In these cases, the suspension order
279.25 takes effect when all service recipients have been transitioned to a new provider or 30 days
279.26 after the suspension order was issued, whichever comes first.

279.27 Sec. 22. Minnesota Statutes 2022, section 245A.07, is amended by adding a subdivision
279.28 to read:

279.29 Subd. 2c. **Immediate suspension for programs with multiple licensed service sites.** (a)
279.30 For license holders that operate more than one service site under a single license, the
279.31 suspension order must be specific to the service site or sites where the commissioner
279.32 determines an order is required under subdivision 2. The order must not apply to other

280.1 service sites operated by the same license holder unless the commissioner has included in
 280.2 the order an articulable basis for applying the order to other service sites.

280.3 (b) If the commissioner has issued more than one license to the license holder under this
 280.4 chapter, the suspension imposed under this section must be specific to the license for the
 280.5 program at which the commissioner determines an order is required under subdivision 2.
 280.6 The order must not apply to other licenses held by the same license holder if those programs
 280.7 are being operated in substantial compliance with applicable law and rules.

280.8 Sec. 23. Minnesota Statutes 2022, section 245A.07, subdivision 3, is amended to read:

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

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

280.13 (2) a license holder, a controlling individual, or an individual living in the household
 280.14 where the licensed services are provided or is otherwise subject to a background study has
 280.15 been disqualified and the disqualification was not set aside and no variance has been granted;

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

280.20 (4) a license holder is excluded from any program administered by the commissioner
 280.21 under section 245.095; or

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

280.23 A license holder who has had a license issued under this chapter suspended, revoked,
 280.24 or has been ordered to pay a fine must be given notice of the action by certified mail ~~or~~ by
 280.25 personal service, or through the provider licensing and reporting hub. If mailed, the notice
 280.26 must be mailed to the address shown on the application or the last known address of the
 280.27 license holder. The notice must state in plain language the reasons the license was suspended
 280.28 or revoked, or a fine was ordered. When an order is issued through the hub, the applicant
 280.29 or license holder is deemed to have received the order upon the date of issuance through
 280.30 the hub.

280.31 (b) If the license was suspended or revoked, the notice must inform the license holder
 280.32 of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts

281.1 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking
281.2 a license. The appeal of an order suspending or revoking a license must be made in writing
281.3 by certified mail ~~or~~, by personal service, or through the provider licensing and reporting
281.4 hub. If mailed, the appeal must be postmarked and sent to the commissioner within ten
281.5 calendar days after the license holder receives notice that the license has been suspended
281.6 or revoked. If a request is made by personal service or through the hub, it must be received
281.7 by the commissioner within ten calendar days after the license holder received the order.
281.8 Except as provided in subdivision 2a, paragraph (c), if a license holder submits a timely
281.9 appeal of an order suspending or revoking a license, the license holder may continue to
281.10 operate the program as provided in section 245A.04, subdivision 7, paragraphs (f) and (g),
281.11 until the commissioner issues a final order on the suspension or revocation.

281.12 (c)(1) If the license holder was ordered to pay a fine, the notice must inform the license
281.13 holder of the responsibility for payment of fines and the right to a contested case hearing
281.14 under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The appeal of an
281.15 order to pay a fine must be made in writing by certified mail ~~or~~, by personal service, or
281.16 through the provider licensing and reporting hub. If mailed, the appeal must be postmarked
281.17 and sent to the commissioner within ten calendar days after the license holder receives
281.18 notice that the fine has been ordered. If a request is made by personal service or through
281.19 the hub, it must be received by the commissioner within ten calendar days after the license
281.20 holder received the order.

281.21 (2) The license holder shall pay the fines assessed on or before the payment date specified.
281.22 If the license holder fails to fully comply with the order, the commissioner may issue a
281.23 second fine or suspend the license until the license holder complies. If the license holder
281.24 receives state funds, the state, county, or municipal agencies or departments responsible for
281.25 administering the funds shall withhold payments and recover any payments made while the
281.26 license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine
281.27 until the commissioner issues a final order.

281.28 (3) A license holder shall promptly notify the commissioner of human services, in writing,
281.29 when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the
281.30 commissioner determines that a violation has not been corrected as indicated by the order
281.31 to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify
281.32 the license holder by certified mail ~~or~~, by personal service, or through the provider licensing
281.33 and reporting hub that a second fine has been assessed. The license holder may appeal the
281.34 second fine as provided under this subdivision.

281.35 (4) Fines shall be assessed as follows:

282.1 (i) the license holder shall forfeit \$1,000 for each determination of maltreatment of a
282.2 child under chapter 260E or the maltreatment of a vulnerable adult under section 626.557
282.3 for which the license holder is determined responsible for the maltreatment under section
282.4 260E.30, subdivision 4, paragraphs (a) and (b), or 626.557, subdivision 9c, paragraph (c);

282.5 (ii) if the commissioner determines that a determination of maltreatment for which the
282.6 license holder is responsible is the result of maltreatment that meets the definition of serious
282.7 maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit
282.8 \$5,000;

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

282.12 (iv) the license holder shall forfeit \$200 for each occurrence of a violation of law or rule
282.13 governing matters of health, safety, or supervision, including but not limited to the provision
282.14 of adequate staff-to-child or adult ratios, and failure to comply with background study
282.15 requirements under chapter 245C; and

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

282.18 For purposes of this section, "occurrence" means each violation identified in the
282.19 commissioner's fine order. Fines assessed against a license holder that holds a license to
282.20 provide home and community-based services, as identified in section 245D.03, subdivision
282.21 1, and a community residential setting or day services facility license under chapter 245D
282.22 where the services are provided, may be assessed against both licenses for the same
282.23 occurrence, but the combined amount of the fines shall not exceed the amount specified in
282.24 this clause for that occurrence.

282.25 (5) When a fine has been assessed, the license holder may not avoid payment by closing,
282.26 selling, or otherwise transferring the licensed program to a third party. In such an event, the
282.27 license holder will be personally liable for payment. In the case of a corporation, each
282.28 controlling individual is personally and jointly liable for payment.

282.29 (d) Except for background study violations involving the failure to comply with an order
282.30 to immediately remove an individual or an order to provide continuous, direct supervision,
282.31 the commissioner shall not issue a fine under paragraph (c) relating to a background study
282.32 violation to a license holder who self-corrects a background study violation before the
282.33 commissioner discovers the violation. A license holder who has previously exercised the
282.34 provisions of this paragraph to avoid a fine for a background study violation may not avoid

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

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

283.4 Sec. 24. Minnesota Statutes 2022, section 245A.10, subdivision 6, is amended to read:

283.5 Subd. 6. **License not issued until license or certification fee is paid.** The commissioner
283.6 shall not issue or reissue a license or certification until the license or certification fee is paid.
283.7 The commissioner shall send a bill for the license or certification fee to the billing address
283.8 identified by the license holder. If the license holder does not submit the license or
283.9 certification fee payment by the due date, the commissioner shall send the license holder a
283.10 past due notice. If the license holder fails to pay the license or certification fee by the due
283.11 date on the past due notice, the commissioner shall send a final notice to the license holder
283.12 informing the license holder that the program license will expire on December 31 unless
283.13 the license fee is paid before December 31. If a license expires, the program is no longer
283.14 licensed and, unless exempt from licensure under section 245A.03, subdivision 2, must not
283.15 operate after the expiration date. After a license expires, if the former license holder wishes
283.16 to provide licensed services, the former license holder must submit a new license application
283.17 and application fee under subdivision 3.

283.18 Sec. 25. Minnesota Statutes 2022, section 245A.10, is amended by adding a subdivision
283.19 to read:

283.20 Subd. 9. **License not reissued until outstanding debt is paid.** The commissioner shall
283.21 not reissue a license or certification until the license holder has paid all outstanding debts
283.22 related to a licensing fine or settlement agreement for which payment is delinquent. If the
283.23 payment is past due, the commissioner shall send a past due notice informing the license
283.24 holder that the program license will expire on December 31 unless the outstanding debt is
283.25 paid before December 31. If a license expires, the program is no longer licensed and must
283.26 not operate after the expiration date. After a license expires, if the former license holder
283.27 wishes to provide licensed services, the former license holder must submit a new license
283.28 application and application fee under subdivision 3.

284.1 Sec. 26. Minnesota Statutes 2022, section 245A.16, is amended by adding a subdivision
284.2 to read:

284.3 Subd. 10. **Licensing and reporting hub.** Upon implementation of the provider licensing
284.4 and reporting hub, county staff who perform licensing functions must use the hub in the
284.5 manner prescribed by the commissioner.

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

284.7 Sec. 27. Minnesota Statutes 2022, section 245A.50, subdivision 3, is amended to read:

284.8 Subd. 3. **First aid.** (a) Before initial licensure and before caring for a child, license
284.9 holders, second adult caregivers, and substitutes must be trained in pediatric first aid. The
284.10 first aid training must have been provided by an individual approved to provide first aid
284.11 instruction. First aid training may be less than eight hours and persons qualified to provide
284.12 first aid training include individuals approved as first aid instructors. License holders, second
284.13 adult caregivers, and substitutes must repeat pediatric first aid training every two years.
284.14 ~~When the training expires, it must be retaken no later than the day before the anniversary~~
284.15 ~~of the license holder's license effective date.~~ License holders, second adult caregivers, and
284.16 substitutes must not let the training expire.

284.17 (b) Video training reviewed and approved by the county licensing agency satisfies the
284.18 training requirement of this subdivision.

284.19 Sec. 28. Minnesota Statutes 2022, section 245A.50, subdivision 4, is amended to read:

284.20 Subd. 4. **Cardiopulmonary resuscitation.** (a) Before initial licensure and before caring
284.21 for a child, license holders, second adult caregivers, and substitutes must be trained in
284.22 pediatric cardiopulmonary resuscitation (CPR), including CPR techniques for infants and
284.23 children, and in the treatment of obstructed airways. The CPR training must have been
284.24 provided by an individual approved to provide CPR instruction. License holders, second
284.25 adult caregivers, and substitutes must repeat pediatric CPR training at least once every two
284.26 years and must document the training in the license holder's records. ~~When the training~~
284.27 ~~expires, it must be retaken no later than the day before the anniversary of the license holder's~~
284.28 ~~license effective date.~~ License holders, second adult caregivers, and substitutes must not let
284.29 the training expire.

284.30 (b) Persons providing CPR training must use CPR training that has been developed:

284.31 (1) by the American Heart Association or the American Red Cross and incorporates
284.32 psychomotor skills to support the instruction; or

285.1 (2) using nationally recognized, evidence-based guidelines for CPR training and
285.2 incorporates psychomotor skills to support the instruction.

285.3 Sec. 29. Minnesota Statutes 2022, section 245A.50, subdivision 5, is amended to read:

285.4 Subd. 5. **Sudden unexpected infant death and abusive head trauma training.** (a)

285.5 License holders must ensure and document that before the license holder, second adult
285.6 caregivers, substitutes, and helpers assist in the care of infants, they are instructed on the
285.7 standards in section 245A.1435 and receive training on reducing the risk of sudden
285.8 unexpected infant death. In addition, license holders must ensure and document that before
285.9 the license holder, second adult caregivers, substitutes, and helpers assist in the care of
285.10 infants and children under school age, they receive training on reducing the risk of abusive
285.11 head trauma from shaking infants and young children. The training in this subdivision may
285.12 be provided as initial training under subdivision 1 or ongoing annual training under
285.13 subdivision 7.

285.14 (b) Sudden unexpected infant death reduction training required under this subdivision
285.15 must, at a minimum, address the risk factors related to sudden unexpected infant death,
285.16 means of reducing the risk of sudden unexpected infant death in child care, and license
285.17 holder communication with parents regarding reducing the risk of sudden unexpected infant
285.18 death.

285.19 (c) Abusive head trauma training required under this subdivision must, at a minimum,
285.20 address the risk factors related to shaking infants and young children, means of reducing
285.21 the risk of abusive head trauma in child care, and license holder communication with parents
285.22 regarding reducing the risk of abusive head trauma.

285.23 (d) Training for family and group family child care providers must be developed by the
285.24 commissioner in conjunction with the Minnesota Sudden Infant Death Center and approved
285.25 by the Minnesota Center for Professional Development. Sudden unexpected infant death
285.26 reduction training and abusive head trauma training may be provided in a single course of
285.27 no more than two hours in length.

285.28 (e) Sudden unexpected infant death reduction training and abusive head trauma training
285.29 required under this subdivision must be completed in person or as allowed under subdivision
285.30 10, clause (1) or (2), at least once every two years. ~~When the training expires, it must be~~
285.31 ~~retaken no later than the day before the anniversary of the license holder's license effective~~
285.32 ~~date.~~ On the years when the individual receiving training is not receiving training in person
285.33 or as allowed under subdivision 10, clause (1) or (2), the individual receiving training in
285.34 accordance with this subdivision must receive sudden unexpected infant death reduction

286.1 training and abusive head trauma training through a video of no more than one hour in
286.2 length. The video must be developed or approved by the commissioner.

286.3 (f) An individual who is related to the license holder as defined in section 245A.02,
286.4 subdivision 13, and who is involved only in the care of the license holder's own infant or
286.5 child under school age and who is not designated to be a second adult caregiver, helper, or
286.6 substitute for the licensed program, is exempt from the sudden unexpected infant death and
286.7 abusive head trauma training.

286.8 Sec. 30. Minnesota Statutes 2022, section 245A.50, subdivision 6, is amended to read:

286.9 Subd. 6. **Child passenger restraint systems; training requirement.** (a) A license
286.10 holder must comply with all seat belt and child passenger restraint system requirements
286.11 under section 169.685.

286.12 (b) Family and group family child care programs licensed by the Department of Human
286.13 Services that serve a child or children under eight years of age must document training that
286.14 fulfills the requirements in this subdivision.

286.15 (1) Before a license holder, second adult caregiver, substitute, or helper transports a
286.16 child or children under age eight in a motor vehicle, the person placing the child or children
286.17 in a passenger restraint must satisfactorily complete training on the proper use and installation
286.18 of child restraint systems in motor vehicles. Training completed under this subdivision may
286.19 be used to meet initial training under subdivision 1 or ongoing training under subdivision
286.20 7.

286.21 (2) Training required under this subdivision must be at least one hour in length, completed
286.22 at initial training, and repeated at least once every five years. ~~When the training expires, it~~
286.23 ~~must be retaken no later than the day before the anniversary of the license holder's license~~
286.24 ~~effective date.~~ At a minimum, the training must address the proper use of child restraint
286.25 systems based on the child's size, weight, and age, and the proper installation of a car seat
286.26 or booster seat in the motor vehicle used by the license holder to transport the child or
286.27 children.

286.28 (3) Training under this subdivision must be provided by individuals who are certified
286.29 and approved by the Department of Public Safety, Office of Traffic Safety. License holders
286.30 may obtain a list of certified and approved trainers through the Department of Public Safety
286.31 website or by contacting the agency.

287.1 (c) Child care providers that only transport school-age children as defined in section
287.2 245A.02, subdivision 19, paragraph (f), in child care buses as defined in section 169.448,
287.3 subdivision 1, paragraph (e), are exempt from this subdivision.

287.4 Sec. 31. Minnesota Statutes 2022, section 245A.50, subdivision 9, is amended to read:

287.5 Subd. 9. **Supervising for safety; training requirement.** (a) Courses required by this
287.6 subdivision must include the following health and safety topics:

287.7 (1) preventing and controlling infectious diseases;

287.8 (2) administering medication;

287.9 (3) preventing and responding to allergies;

287.10 (4) ensuring building and physical premises safety;

287.11 (5) handling and storing biological contaminants;

287.12 (6) preventing and reporting child abuse and maltreatment; and

287.13 (7) emergency preparedness.

287.14 (b) Before initial licensure and before caring for a child, all family child care license
287.15 holders and each second adult caregiver shall complete and document the completion of
287.16 the six-hour Supervising for Safety for Family Child Care course developed by the
287.17 commissioner.

287.18 (c) The license holder must ensure and document that, before caring for a child, all
287.19 substitutes have completed the four-hour Basics of Licensed Family Child Care for
287.20 Substitutes course developed by the commissioner, which must include health and safety
287.21 topics as well as child development and learning.

287.22 (d) The family child care license holder and each second adult caregiver shall complete
287.23 and document:

287.24 (1) the annual completion of either:

287.25 (i) a two-hour active supervision course developed by the commissioner; or

287.26 (ii) any courses in the ensuring safety competency area under the health, safety, and
287.27 nutrition standard of the Knowledge and Competency Framework that the commissioner
287.28 has identified as an active supervision training course; and

287.29 (2) the completion at least once every five years of the two-hour courses Health and
287.30 Safety I and Health and Safety II. ~~When the training is due for the first time or expires, it~~

288.1 ~~must be taken no later than the day before the anniversary of the license holder's license~~
 288.2 ~~effective date.~~ A license holder's or second adult caregiver's completion of either training
 288.3 in a given year meets the annual active supervision training requirement in clause (1).

288.4 (e) At least once every three years, license holders must ensure and document that
 288.5 substitutes have completed the four-hour Basics of Licensed Family Child Care for
 288.6 Substitutes course. ~~When the training expires, it must be retaken no later than the day before~~
 288.7 ~~the anniversary of the license holder's license effective date.~~

288.8 Sec. 32. Minnesota Statutes 2022, section 245H.01, subdivision 3, is amended to read:

288.9 Subd. 3. **Center operator or program operator.** "Center operator" or "program operator"
 288.10 means the person exercising supervision or control over the center's or program's operations,
 288.11 planning, and functioning. ~~There may be more than one designated center operator or~~
 288.12 ~~program operator.~~

288.13 Sec. 33. Minnesota Statutes 2022, section 245H.01, is amended by adding a subdivision
 288.14 to read:

288.15 Subd. 4a. **Certification holder contact person.** "Certification holder contact person"
 288.16 means an individual designated by the organization who:

- 288.17 (1) oversees all center operators for the organization;
 288.18 (2) acts as the authorized agent for background studies required in section 245H.10; and
 288.19 (3) is authorized to be the designated contact person for communicating with the
 288.20 commissioner regarding all items pursuant to chapter 245H.

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

288.22 Sec. 34. Minnesota Statutes 2022, section 245H.03, subdivision 2, is amended to read:

288.23 Subd. 2. **Application submission.** The commissioner shall provide application
 288.24 instructions and information about the rules and requirements of other state agencies that
 288.25 affect the applicant. The certification application must be submitted in a manner prescribed
 288.26 by the commissioner. Upon implementation of the provider licensing and reporting hub,
 288.27 applicants must use the hub in the manner prescribed by the commissioner. The commissioner
 288.28 shall act on the application within 90 working days of receiving a completed application.

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

289.1 Sec. 35. Minnesota Statutes 2022, section 245H.03, subdivision 3, is amended to read:

289.2 Subd. 3. **Incomplete applications.** When the commissioner receives an application for
289.3 initial certification that is incomplete because the applicant failed to submit required
289.4 documents or is deficient because the documents submitted do not meet certification
289.5 requirements, the commissioner shall provide the applicant written notice that the application
289.6 is incomplete or deficient. In the notice, the commissioner shall identify documents that are
289.7 missing or deficient and give the applicant 45 days to resubmit a second application that is
289.8 complete. An applicant's failure to submit a complete application after receiving notice from
289.9 the commissioner is basis for certification denial. For purposes of this section, when a denial
289.10 order is issued through the provider licensing and reporting hub, the applicant is deemed to
289.11 have received the order upon the date of issuance through the hub.

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

289.13 Sec. 36. Minnesota Statutes 2022, section 245H.03, subdivision 4, is amended to read:

289.14 Subd. 4. **Reconsideration of certification denial.** (a) The applicant may request
289.15 reconsideration of the denial by notifying the commissioner by certified mail ~~or~~, by personal
289.16 service, or through the provider licensing and reporting hub. The request must be made in
289.17 writing. If sent by certified mail, the request must be postmarked and sent to the
289.18 commissioner within 20 calendar days after the applicant received the order. If a request is
289.19 made by personal service or through the hub, it must be received by the commissioner within
289.20 20 calendar days after the applicant received the order. The applicant may submit with the
289.21 request for reconsideration a written argument or evidence in support of the request for
289.22 reconsideration.

289.23 (b) The commissioner's disposition of a request for reconsideration is final and not
289.24 subject to appeal under chapter 14.

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

289.26 Sec. 37. Minnesota Statutes 2022, section 245H.06, subdivision 1, is amended to read:

289.27 Subdivision 1. **Correction order requirements.** (a) If the applicant or certification
289.28 holder failed to comply with a law or rule, the commissioner may issue a correction order.
289.29 The correction order must state:

289.30 (1) the condition that constitutes a violation of the law or rule;

289.31 (2) the specific law or rule violated; and

290.1 (3) the time allowed to correct each violation.

290.2 (b) The commissioner may issue a correction order to the applicant or certification holder
 290.3 through the provider licensing and reporting hub. When an order is issued through the hub,
 290.4 the applicant or certification is deemed to have received the order upon the date of issuance
 290.5 through the hub.

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

290.7 Sec. 38. Minnesota Statutes 2022, section 245H.06, subdivision 2, is amended to read:

290.8 Subd. 2. **Reconsideration request.** (a) If the applicant or certification holder believes
 290.9 that the commissioner's correction order is erroneous, the applicant or certification holder
 290.10 may ask the commissioner to reconsider the part of the correction order that is allegedly
 290.11 erroneous. A request for reconsideration must be made in writing; and postmarked; or
 290.12 submitted through the provider licensing and reporting hub, and sent to the commissioner
 290.13 within 20 calendar days after the applicant or certification holder received the correction
 290.14 order, and must:

290.15 (1) specify the part of the correction order that is allegedly erroneous;

290.16 (2) explain why the specified part is erroneous; and

290.17 (3) include documentation to support the allegation of error.

290.18 (b) A request for reconsideration does not stay any provision or requirement of the
 290.19 correction order. The commissioner's disposition of a request for reconsideration is final
 290.20 and not subject to appeal.

290.21 (c) Upon implementation of the provider licensing and reporting hub, the provider must
 290.22 use the hub to request reconsideration.

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

290.24 Sec. 39. Minnesota Statutes 2022, section 245H.07, subdivision 1, is amended to read:

290.25 Subdivision 1. **Generally.** (a) The commissioner may decertify a center if a certification
 290.26 holder:

290.27 (1) failed to comply with an applicable law or rule;

290.28 (2) knowingly withheld relevant information from or gave false or misleading information
 290.29 to the commissioner in connection with an application for certification, in connection with

291.1 the background study status of an individual, during an investigation, or regarding compliance
 291.2 with applicable laws or rules; or

291.3 (3) has authorization to receive child care assistance payments revoked pursuant to
 291.4 chapter 119B.

291.5 (b) When considering decertification, the commissioner shall consider the nature,
 291.6 chronicity, or severity of the violation of law or rule.

291.7 (c) When a center is decertified, the center is ineligible to receive a child care assistance
 291.8 payment under chapter 119B.

291.9 (d) The commissioner may issue a decertification order to a certification holder through
 291.10 the provider licensing and reporting hub. When an order is issued through the hub, the
 291.11 certification holder is deemed to have received the order upon the date of issuance through
 291.12 the hub.

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

291.14 Sec. 40. Minnesota Statutes 2022, section 245H.07, subdivision 2, is amended to read:

291.15 Subd. 2. **Reconsideration of decertification.** (a) The certification holder may request
 291.16 reconsideration of the decertification by notifying the commissioner by certified mail ~~or~~
 291.17 by personal service, or through the provider licensing and reporting hub. The request must
 291.18 be made in writing. If sent by certified mail, the request must be postmarked and sent to the
 291.19 commissioner within 20 calendar days after the certification holder received the order. If a
 291.20 request is made by personal service or through the hub, it must be received by the
 291.21 commissioner within 20 calendar days after the certification holder received the order. With
 291.22 the request for reconsideration, the certification holder may submit a written argument or
 291.23 evidence in support of the request for reconsideration.

291.24 (b) The commissioner's disposition of a request for reconsideration is final and not
 291.25 subject to appeal under chapter 14.

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

291.27 Sec. 41. Minnesota Statutes 2022, section 245I.20, subdivision 10, is amended to read:

291.28 Subd. 10. **Application procedures.** (a) The applicant for certification must submit any
 291.29 documents that the commissioner requires on forms approved by the commissioner. Upon
 291.30 implementation of the provider licensing and reporting hub, applicants must use the hub in
 291.31 the manner prescribed by the commissioner.

292.1 (b) Upon submitting an application for certification, an applicant must pay the application
292.2 fee required by section 245A.10, subdivision 3.

292.3 (c) The commissioner must act on an application within 90 working days of receiving
292.4 a completed application.

292.5 (d) When the commissioner receives an application for initial certification that is
292.6 incomplete because the applicant failed to submit required documents or is deficient because
292.7 the submitted documents do not meet certification requirements, the commissioner must
292.8 provide the applicant with written notice that the application is incomplete or deficient. In
292.9 the notice, the commissioner must identify the particular documents that are missing or
292.10 deficient and give the applicant 45 days to submit a second application that is complete. An
292.11 applicant's failure to submit a complete application within 45 days after receiving notice
292.12 from the commissioner is a basis for certification denial.

292.13 (e) The commissioner must give notice of a denial to an applicant when the commissioner
292.14 has made the decision to deny the certification application. In the notice of denial, the
292.15 commissioner must state the reasons for the denial in plain language. The commissioner
292.16 must send or deliver the notice of denial to an applicant by certified mail ~~or~~, by personal
292.17 service, or through the provider licensing and reporting hub. When an order is issued through
292.18 the hub, the applicant is deemed to have received the order upon the date of issuance through
292.19 the hub. In the notice of denial, the commissioner must state the reasons that the
292.20 commissioner denied the application and must inform the applicant of the applicant's right
292.21 to request a contested case hearing under chapter 14 and Minnesota Rules, parts 1400.8505
292.22 to 1400.8612. The applicant may appeal the denial by notifying the commissioner in writing
292.23 by certified mail ~~or~~, by personal service, or through the provider licensing and reporting
292.24 hub. If mailed, the appeal must be postmarked and sent to the commissioner within 20
292.25 calendar days after the applicant received the notice of denial. If an applicant delivers an
292.26 appeal by personal service or through the hub, the commissioner must receive the appeal
292.27 within 20 calendar days after the applicant received the notice of denial.

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

292.29 Sec. 42. Minnesota Statutes 2022, section 245I.20, subdivision 13, is amended to read:

292.30 Subd. 13. **Correction orders.** (a) If the applicant or certification holder fails to comply
292.31 with a law or rule, the commissioner may issue a correction order. The correction order
292.32 must state:

292.33 (1) the condition that constitutes a violation of the law or rule;

- 293.1 (2) the specific law or rule that the applicant or certification holder has violated; and
293.2 (3) the time that the applicant or certification holder is allowed to correct each violation.

293.3 (b) If the applicant or certification holder believes that the commissioner's correction
293.4 order is erroneous, the applicant or certification holder may ask the commissioner to
293.5 reconsider the part of the correction order that is allegedly erroneous. An applicant or
293.6 certification holder must make a request for reconsideration in writing. The request must
293.7 be postmarked and sent to the commissioner or submitted in the provider licensing and
293.8 reporting hub within 20 calendar days after the applicant or certification holder received
293.9 the correction order; and the request must:

293.10 (1) specify the part of the correction order that is allegedly erroneous;

293.11 (2) explain why the specified part is erroneous; and

293.12 (3) include documentation to support the allegation of error.

293.13 (c) A request for reconsideration does not stay any provision or requirement of the
293.14 correction order. The commissioner's disposition of a request for reconsideration is final
293.15 and not subject to appeal.

293.16 (d) If the commissioner finds that the applicant or certification holder failed to correct
293.17 the violation specified in the correction order, the commissioner may decertify the certified
293.18 mental health clinic according to subdivision 14.

293.19 (e) Nothing in this subdivision prohibits the commissioner from decertifying a mental
293.20 health clinic according to subdivision 14.

293.21 (f) The commissioner may issue a correction order to the applicant or certification holder
293.22 through the provider licensing and reporting hub. When an order is issued through the hub,
293.23 the applicant or certification holder is deemed to have received the order upon the date of
293.24 issuance through the hub.

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

293.26 Sec. 43. Minnesota Statutes 2022, section 245I.20, subdivision 14, is amended to read:

293.27 Subd. 14. **Decertification.** (a) The commissioner may decertify a mental health clinic
293.28 if a certification holder:

293.29 (1) failed to comply with an applicable law or rule; or

294.1 (2) knowingly withheld relevant information from or gave false or misleading information
294.2 to the commissioner in connection with an application for certification, during an
294.3 investigation, or regarding compliance with applicable laws or rules.

294.4 (b) When considering decertification of a mental health clinic, the commissioner must
294.5 consider the nature, chronicity, or severity of the violation of law or rule and the effect of
294.6 the violation on the health, safety, or rights of clients.

294.7 (c) If the commissioner decertifies a mental health clinic, the order of decertification
294.8 must inform the certification holder of the right to have a contested case hearing under
294.9 chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The commissioner may
294.10 issue the order through the provider licensing and reporting hub. When an order is issued
294.11 through the hub, the certification holder is deemed to have received the order upon the date
294.12 of issuance through the hub. The certification holder may appeal the decertification. The
294.13 certification holder must appeal a decertification in writing and send or deliver the appeal
294.14 to the commissioner by certified mail ~~or~~, by personal service, or through the provider
294.15 licensing and reporting hub. If the certification holder mails the appeal, the appeal must be
294.16 postmarked and sent to the commissioner within ten calendar days after the certification
294.17 holder receives the order of decertification. If the certification holder delivers an appeal by
294.18 personal service or through the hub, the commissioner must receive the appeal within ten
294.19 calendar days after the certification holder received the order. If a certification holder submits
294.20 a timely appeal of an order of decertification, the certification holder may continue to operate
294.21 the program until the commissioner issues a final order on the decertification.

294.22 (d) If the commissioner decertifies a mental health clinic pursuant to paragraph (a),
294.23 clause (1), based on a determination that the mental health clinic was responsible for
294.24 maltreatment, and if the certification holder appeals the decertification according to paragraph
294.25 (c), and appeals the maltreatment determination under section 260E.33, the final
294.26 decertification determination is stayed until the commissioner issues a final decision regarding
294.27 the maltreatment appeal.

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

294.29 Sec. 44. Minnesota Statutes 2022, section 245I.20, subdivision 16, is amended to read:

294.30 Subd. 16. **Notifications required and noncompliance.** (a) A certification holder must
294.31 notify the commissioner, in a manner prescribed by the commissioner, and obtain the
294.32 commissioner's approval before making any change to the name of the certification holder
294.33 or the location of the mental health clinic. Upon implementation of the provider licensing

295.1 and reporting hub, certification holders must enter and update information in the hub in a
295.2 manner prescribed by the commissioner.

295.3 (b) Changes in mental health clinic organization, staffing, treatment, or quality assurance
295.4 procedures that affect the ability of the certification holder to comply with the minimum
295.5 standards of this section must be reported in writing by the certification holder to the
295.6 commissioner within 15 days of the occurrence. Review of the change must be conducted
295.7 by the commissioner. A certification holder with changes resulting in noncompliance in
295.8 minimum standards must receive written notice and may have up to 180 days to correct the
295.9 areas of noncompliance before being decertified. Interim procedures to resolve the
295.10 noncompliance on a temporary basis must be developed and submitted in writing to the
295.11 commissioner for approval within 30 days of the commissioner's determination of the
295.12 noncompliance. Not reporting an occurrence of a change that results in noncompliance
295.13 within 15 days, failure to develop an approved interim procedure within 30 days of the
295.14 determination of the noncompliance, or nonresolution of the noncompliance within 180
295.15 days will result in immediate decertification.

295.16 (c) The mental health clinic may be required to submit written information to the
295.17 department to document that the mental health clinic has maintained compliance with this
295.18 section and mental health clinic procedures.

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

295.20 Sec. 45. Minnesota Statutes 2022, section 256B.0625, subdivision 5m, is amended to read:

295.21 Subd. 5m. **Certified community behavioral health clinic services.** (a) Medical
295.22 assistance covers services provided by a not-for-profit certified community behavioral health
295.23 clinic (CCBHC) that meets the requirements of ~~section 245.735, subdivision 3~~ sections
295.24 245.7351 to 245.736.

295.25 (b) The commissioner shall reimburse CCBHCs on a per-day basis for each day that an
295.26 eligible service is delivered using the CCBHC daily bundled rate system for medical
295.27 assistance payments as described in paragraph (c). The commissioner shall include a quality
295.28 incentive payment in the CCBHC daily bundled rate system as described in paragraph (e).
295.29 There is no county share for medical assistance services when reimbursed through the
295.30 CCBHC daily bundled rate system.

295.31 (c) The commissioner shall ensure that the CCBHC daily bundled rate system for CCBHC
295.32 payments under medical assistance meets the following requirements:

296.1 (1) the CCBHC daily bundled rate shall be a provider-specific rate calculated for each
296.2 CCBHC, based on the daily cost of providing CCBHC services and the total annual allowable
296.3 CCBHC costs divided by the total annual number of CCBHC visits. For calculating the
296.4 payment rate, total annual visits include visits covered by medical assistance and visits not
296.5 covered by medical assistance. Allowable costs include but are not limited to the salaries
296.6 and benefits of medical assistance providers; the cost of CCBHC services provided under
296.7 section ~~245.735, subdivision 3, paragraph (a), clauses (6) and (7)~~ 245.7358; and other costs
296.8 such as insurance or supplies needed to provide CCBHC services;

296.9 (2) payment shall be limited to one payment per day per medical assistance enrollee
296.10 when an eligible CCBHC service is provided. A CCBHC visit is eligible for reimbursement
296.11 if at least one of the CCBHC services listed under section ~~245.735, subdivision 3, paragraph~~
296.12 ~~(a), clause (6)~~ 245.7358, is furnished to a medical assistance enrollee by a health care
296.13 practitioner or licensed agency employed by or under contract with a CCBHC;

296.14 (3) initial CCBHC daily bundled rates for newly certified CCBHCs under ~~section 245.735,~~
296.15 ~~subdivision 3,~~ sections 245.7351 to 245.736 shall be established by the commissioner using
296.16 a provider-specific rate based on the newly certified CCBHC's audited historical cost report
296.17 data adjusted for the expected cost of delivering CCBHC services. Estimates are subject to
296.18 review by the commissioner and must include the expected cost of providing the full scope
296.19 of CCBHC services and the expected number of visits for the rate period;

296.20 (4) the commissioner shall rebase CCBHC rates once every ~~three~~ two years following
296.21 the last rebasing and no less than 12 months following an initial rate or a rate change due
296.22 to a change in the scope of services;

296.23 (5) the commissioner shall provide for a 60-day appeals process after notice of the results
296.24 of the rebasing;

296.25 (6) the CCBHC daily bundled rate under this section does not apply to services rendered
296.26 by CCBHCs to individuals who are dually eligible for Medicare and medical assistance
296.27 when Medicare is the primary payer for the service. An entity that receives a CCBHC daily
296.28 bundled rate system that overlaps with the CCBHC rate is not eligible for the CCBHC rate;

296.29 (7) payments for CCBHC services to individuals enrolled in managed care shall be
296.30 coordinated with the state's phase-out of CCBHC wrap payments. The commissioner shall
296.31 complete the phase-out of CCBHC wrap payments within 60 days of the implementation
296.32 of the CCBHC daily bundled rate system in the Medicaid Management Information System
296.33 (MMIS), for CCBHCs reimbursed under this chapter, with a final settlement of payments
296.34 due made payable to CCBHCs no later than 18 months thereafter;

297.1 (8) the CCBHC daily bundled rate for each CCBHC shall be updated by trending each
297.2 provider-specific rate by the Medicare Economic Index for primary care services. This
297.3 update shall occur each year in between rebasing periods determined by the commissioner
297.4 in accordance with clause (4). CCBHCs must provide data on costs and visits to the state
297.5 annually using the CCBHC cost report established by the commissioner; ~~and~~

297.6 (9) a CCBHC may request a rate adjustment for changes in the CCBHC's scope of
297.7 services when such changes are expected to result in an adjustment to the CCBHC payment
297.8 rate by 2.5 percent or more. The CCBHC must provide the commissioner with information
297.9 regarding the changes in the scope of services, including the estimated cost of providing
297.10 the new or modified services and any projected increase or decrease in the number of visits
297.11 resulting from the change. Estimated costs are subject to review by the commissioner. Rate
297.12 adjustments for changes in scope shall occur no more than once per year in between rebasing
297.13 periods per CCBHC and are effective on the date of the annual CCBHC rate update; and

297.14 (10) payment for designated collaborating organization services is included within the
297.15 scope of the CCBHC daily bundled rate, and designated collaborating organization encounters
297.16 must be treated as CCBHC encounters for purposes of establishing the CCBHC daily bundled
297.17 rate. Payment must be provided directly to the designated collaborating organization from
297.18 the CCBHC based on agreed upon contractual service rates. These rates must be reflective
297.19 of fair market value.

297.20 (d) Managed care plans and county-based purchasing plans shall reimburse CCBHC
297.21 providers at the CCBHC daily bundled rate. The commissioner shall monitor the effect of
297.22 this requirement on the rate of access to the services delivered by CCBHC providers. If, for
297.23 any contract year, federal approval is not received for this paragraph, the commissioner
297.24 must adjust the capitation rates paid to managed care plans and county-based purchasing
297.25 plans for that contract year to reflect the removal of this provision. Contracts between
297.26 managed care plans and county-based purchasing plans and providers to whom this paragraph
297.27 applies must allow recovery of payments from those providers if capitation rates are adjusted
297.28 in accordance with this paragraph. Payment recoveries must not exceed the amount equal
297.29 to any increase in rates that results from this provision. This paragraph expires if federal
297.30 approval is not received for this paragraph at any time.

297.31 (e) The commissioner shall implement a quality incentive payment program for CCBHCs
297.32 that meets the following requirements:

297.33 (1) a CCBHC shall receive a quality incentive payment upon meeting specific numeric
297.34 thresholds for performance metrics established by the commissioner, in addition to payments

298.1 for which the CCBHC is eligible under the CCBHC daily bundled rate system described in
298.2 paragraph (c);

298.3 (2) a CCBHC must be certified and enrolled as a CCBHC for the entire measurement
298.4 year to be eligible for incentive payments;

298.5 (3) each CCBHC shall receive written notice of the criteria that must be met in order to
298.6 receive quality incentive payments at least 90 days prior to the measurement year; and

298.7 (4) a CCBHC must provide the commissioner with data needed to determine incentive
298.8 payment eligibility within six months following the measurement year. The commissioner
298.9 shall notify CCBHC providers of their performance on the required measures and the
298.10 incentive payment amount within 12 months following the measurement year.

298.11 (f) All claims to managed care plans for CCBHC services as provided under this section
298.12 shall be submitted directly to, and paid by, the commissioner on the dates specified no later
298.13 than January 1 of the following calendar year, if:

298.14 (1) one or more managed care plans does not comply with the federal requirement for
298.15 payment of clean claims to CCBHCs, as defined in Code of Federal Regulations, title 42,
298.16 section 447.45(b), and the managed care plan does not resolve the payment issue within 30
298.17 days of noncompliance; and

298.18 (2) the total amount of clean claims not paid in accordance with federal requirements
298.19 by one or more managed care plans is 50 percent of, or greater than, the total CCBHC claims
298.20 eligible for payment by managed care plans.

298.21 If the conditions in this paragraph are met between January 1 and June 30 of a calendar
298.22 year, claims shall be submitted to and paid by the commissioner beginning on January 1 of
298.23 the following year. If the conditions in this paragraph are met between July 1 and December
298.24 31 of a calendar year, claims shall be submitted to and paid by the commissioner beginning
298.25 on July 1 of the following year.

298.26 (g) A CCBHC must comply with the commissioner's quality assurance reporting
298.27 requirements including any required reporting of encounter data, clinical outcomes data,
298.28 and quality data.

298.29 Sec. 46. Minnesota Statutes 2022, section 260E.09, is amended to read:

298.30 **260E.09 REPORTING REQUIREMENTS.**

298.31 (a) An oral report shall be made immediately by telephone or otherwise. An oral report
298.32 made by a person required under section 260E.06, subdivision 1, to report shall be followed

299.1 within 72 hours, exclusive of weekends and holidays, by a report in writing to the appropriate
299.2 police department, the county sheriff, the agency responsible for assessing or investigating
299.3 the report, or the local welfare agency.

299.4 (b) Any report shall be of sufficient content to identify the child, any person believed
299.5 to be responsible for the maltreatment of the child if the person is known, the nature and
299.6 extent of the maltreatment, and the name and address of the reporter. The local welfare
299.7 agency or agency responsible for assessing or investigating the report shall accept a report
299.8 made under section 260E.06 notwithstanding refusal by a reporter to provide the reporter's
299.9 name or address as long as the report is otherwise sufficient under this paragraph.

299.10 (c) Notwithstanding paragraph (a), upon implementation of the provider licensing and
299.11 reporting hub, an individual required to report under section 260E.06, subdivision 1, may
299.12 submit a written report in the hub in a manner prescribed by the commissioner and is not
299.13 required to make an oral report. Individuals submitting a report through the hub must comply
299.14 with the timelines in paragraph (a).

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

299.16 Sec. 47. Minnesota Statutes 2022, section 270B.14, subdivision 1, is amended to read:

299.17 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of
299.18 the commissioner of human services, the commissioner shall disclose return information
299.19 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the
299.20 extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

299.21 (b) Data that may be disclosed are limited to data relating to the identity, whereabouts,
299.22 employment, income, and property of a person owing or alleged to be owing an obligation
299.23 of child support.

299.24 (c) The commissioner of human services may request data only for the purposes of
299.25 carrying out the child support enforcement program and to assist in the location of parents
299.26 who have, or appear to have, deserted their children. Data received may be used only as set
299.27 forth in section 256.978.

299.28 (d) The commissioner shall provide the records and information necessary to administer
299.29 the supplemental housing allowance to the commissioner of human services.

299.30 (e) At the request of the commissioner of human services, the commissioner of revenue
299.31 shall electronically match the Social Security numbers and names of participants in the
299.32 telephone assistance plan operated under sections 237.69 to 237.71, with those of property

300.1 tax refund filers, and determine whether each participant's household income is within the
300.2 eligibility standards for the telephone assistance plan.

300.3 (f) The commissioner may provide records and information collected under sections
300.4 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid
300.5 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law
300.6 102-234. Upon the written agreement by the United States Department of Health and Human
300.7 Services to maintain the confidentiality of the data, the commissioner may provide records
300.8 and information collected under sections 295.50 to 295.59 to the Centers for Medicare and
300.9 Medicaid Services section of the United States Department of Health and Human Services
300.10 for purposes of meeting federal reporting requirements.

300.11 (g) The commissioner may provide records and information to the commissioner of
300.12 human services as necessary to administer the early refund of refundable tax credits.

300.13 (h) The commissioner may disclose information to the commissioner of human services
300.14 as necessary for income verification for eligibility and premium payment under the
300.15 MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical
300.16 assistance program under chapter 256B.

300.17 (i) The commissioner may disclose information to the commissioner of human services
300.18 necessary to verify whether applicants or recipients for the Minnesota family investment
300.19 program, general assistance, the Supplemental Nutrition Assistance Program (SNAP),
300.20 Minnesota supplemental aid program, and child care assistance have claimed refundable
300.21 tax credits under chapter 290 and the property tax refund under chapter 290A, and the
300.22 amounts of the credits.

300.23 (j) The commissioner may disclose information to the commissioner of human services
300.24 necessary to verify income for purposes of calculating parental contribution amounts under
300.25 section 252.27, subdivision 2a.

300.26 (k) The commissioner shall disclose information to the commissioner of human services
300.27 to verify the income and tax identification information of:

300.28 (1) an applicant under section 245A.04, subdivision 1;

300.29 (2) an applicant under section 245I.20;

300.30 (3) an applicant under section 245H.03;

300.31 (4) a license holder; or

300.32 (5) a certification holder.

301.1 **Sec. 48. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; CERTIFIED**
 301.2 **COMMUNITY BEHAVIORAL HEALTH CLINICS AND MENTAL HEALTH**
 301.3 **SERVICE CERTIFICATIONS TRANSITION TO LICENSURE.**

301.4 (a) The commissioner of human services must transition all of the following mental
 301.5 health services from certification under Minnesota Statutes, chapters 245 and 256B, to
 301.6 licensure under Minnesota Statutes, chapter 245A, according to the Mental Health Uniform
 301.7 Service Standards in Minnesota Statutes, chapter 245I, to be effective on or before January
 301.8 1, 2026:

301.9 (1) certified community behavioral health clinics;

301.10 (2) adult rehabilitative mental health services;

301.11 (3) mobile mental health crisis response services;

301.12 (4) children's therapeutic services and supports; and

301.13 (5) community mental health centers.

301.14 (b) No later than January 1, 2025, the commissioner must submit the proposed legislation
 301.15 necessary to implement the transition in paragraph (a) to the chairs and ranking minority
 301.16 members of the legislative committees with jurisdiction over behavioral health services.

301.17 (c) The commissioner must consult with stakeholders to develop the legislation described
 301.18 in paragraph (b).

301.19 **Sec. 49. DIRECTION TO COMMISSIONER OF HUMAN SERVICES; CHANGES**
 301.20 **TO RESIDENTIAL ADULT MENTAL HEALTH PROGRAM LICENSING**
 301.21 **REQUIREMENTS.**

301.22 (a) The commissioner of human services must consult with stakeholders to determine
 301.23 the changes to residential adult mental health program licensing requirements in Minnesota
 301.24 Rules, parts 9520.0500 to 9520.0670, necessary to:

301.25 (1) update requirements for category I programs to align with current mental health
 301.26 practices, client rights for similar services, and health and safety needs of clients receiving
 301.27 services;

301.28 (2) remove category II classification and requirements; and

301.29 (3) add licensing requirements to the rule for the Forensic Mental Health Program.

302.1 (b) The commissioner must use existing authority in Minnesota Statutes, chapter 245A,
 302.2 to amend Minnesota Rules, parts 9520.0500 to 9520.0670, based on the stakeholder
 302.3 consultation in paragraph (a) and additional changes as determined by the commissioner.

302.4 **Sec. 50. REPEALER.**

302.5 Minnesota Statutes 2022, section 245.735, subdivision 3, is repealed.

302.6 **EFFECTIVE DATE.** This section is effective July 1, 2023, or upon federal approval,
 302.7 whichever is later. The commissioner of human services shall notify the revisor of statutes
 302.8 when federal approval is obtained.

302.9 **ARTICLE 14**

302.10 **FORECAST ADJUSTMENTS**

302.11 **Section 1. DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT.**

302.12 The dollar amounts shown in the columns marked "Appropriations" are added to or, if
 302.13 shown in parentheses, are subtracted from the appropriations in Laws 2021, First Special
 302.14 Session chapter 7, article 15, and Laws 2021, First Special Session chapter 7, article 16,
 302.15 from the general fund, or any other fund named, to the commissioner of human services for
 302.16 the purposes specified in this article, to be available for the fiscal year indicated for each
 302.17 purpose. The figure "2023" used in this article means that the appropriations listed are
 302.18 available for the fiscal year ending June 30, 2023.

APPROPRIATIONS
Available for the Year
Ending June 30
2023

302.23 **Sec. 2. COMMISSIONER OF HUMAN**
 302.24 **SERVICES**

302.25 **Subdivision 1. Total Appropriation** **\$ (1,363,772,000)**

302.26 **Appropriations by Fund**

302.27 **2023**

302.28 **General** **(1,156,872,000)**

302.29 **Health Care Access** **(196,098,000)**

302.30 **Federal TANF** **(10,802,000)**

302.31 **Subd. 2. Forecasted Programs**

302.32 **(a) Minnesota Family**
 302.33 **Investment Program**

303.1 **(MFIP)/Diversionsary Work**
 303.2 **Program (DWP)**

303.3 Appropriations by Fund

303.4 2023

303.5 General 3,636,000

303.6 Federal TANF (10,802,000)

303.7 **(b) MFIP Child Care Assistance** (36,957,000)

303.8 **(c) General Assistance** (521,000)

303.9 **(d) Minnesota Supplemental Aid** (5,000)

303.10 **(e) Housing Support** 221,000

303.11 **(f) Northstar Care for Children** (12,670,000)

303.12 **(g) MinnesotaCare** (196,098,000)

303.13 This appropriation is from the health care
 303.14 access fund.

303.15 **(h) Medical Assistance**

303.16 Appropriations by Fund

303.17 2023

303.18 General (1,110,576,000)

303.19 Health Care Access 0

303.20 Sec. 3. **EFFECTIVE DATE.**

303.21 Sections 1 and 2 are effective the day following final enactment.

303.22 **ARTICLE 15**

303.23 **APPROPRIATIONS**

303.24 Section 1. **HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

303.25 The sums shown in the columns marked "Appropriations" are appropriated to the agencies
 303.26 and for the purposes specified in this article. The appropriations are from the general fund,
 303.27 or another named fund, and are available for the fiscal years indicated for each purpose.

303.28 The figures "2024" and "2025" used in this article mean that the appropriations listed under
 303.29 them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively.

303.30 "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium"
 303.31 is fiscal years 2024 and 2025.

304.1

APPROPRIATIONS

304.2

Available for the Year

304.3

Ending June 30

304.4

2024

2025

304.5

Sec. 2. COMMISSIONER OF HUMAN SERVICES

304.6

304.7

Subdivision 1. Total Appropriation

\$

6,244,921,000

\$

6,489,006,000

304.8

Appropriations by Fund

304.9

2024

2025

304.10

General

4,949,348,000

4,597,204,000

304.11

State Government

304.12

Special Revenue

4,776,000

5,284,000

304.13

Health Care Access

1,005,106,000

1,617,914,000

304.14

Federal TANF

285,691,000

286,604,000

304.15

The amounts that may be spent for each

304.16

purpose are specified in the following

304.17

subdivisions.

304.18

Subd. 2. TANF Maintenance of Effort

304.19

(a) Nonfederal expenditures. The

304.20

commissioner shall ensure that sufficient

304.21

qualified nonfederal expenditures are made

304.22

each year to meet the state's maintenance of

304.23

effort requirements of the TANF block grant

304.24

specified under Code of Federal Regulations,

304.25

title 45, section 263.1. In order to meet these

304.26

basic TANF maintenance of effort

304.27

requirements, the commissioner may report

304.28

as TANF maintenance of effort expenditures

304.29

only nonfederal money expended for allowable

304.30

activities listed in the following clauses:

304.31

(1) MFIP cash, diversionary work program,

304.32

and food assistance benefits under Minnesota

304.33

Statutes, chapter 256J;

305.1 (2) the child care assistance programs under
305.2 Minnesota Statutes, sections 119B.03 and
305.3 119B.05, and county child care administrative
305.4 costs under Minnesota Statutes, section
305.5 119B.15;

305.6 (3) state and county MFIP administrative costs
305.7 under Minnesota Statutes, chapters 256J and
305.8 256K;

305.9 (4) state, county, and Tribal MFIP
305.10 employment services under Minnesota
305.11 Statutes, chapters 256J and 256K;

305.12 (5) expenditures made on behalf of legal
305.13 noncitizen MFIP recipients who qualify for
305.14 the MinnesotaCare program under Minnesota
305.15 Statutes, chapter 256L;

305.16 (6) qualifying working family credit
305.17 expenditures under Minnesota Statutes, section
305.18 290.0671;

305.19 (7) qualifying Minnesota education credit
305.20 expenditures under Minnesota Statutes, section
305.21 290.0674; and

305.22 (8) qualifying Head Start expenditures under
305.23 Minnesota Statutes, section 119A.50.

305.24 **(b) Nonfederal expenditures; reporting.** For
305.25 the activities listed in paragraph (a), clauses
305.26 (2) to (8), the commissioner may report only
305.27 expenditures that are excluded from the
305.28 definition of assistance under Code of Federal
305.29 Regulations, title 45, section 260.31.

305.30 **(c) Limitations; exceptions.** The
305.31 commissioner must not claim an amount of
305.32 TANF maintenance of effort in excess of the
305.33 75 percent standard in Code of Federal

306.1 Regulations, title 45, section 263.1(a)(2),
306.2 except:
306.3 (1) to the extent necessary to meet the 80
306.4 percent standard under Code of Federal
306.5 Regulations, title 45, section 263.1(a)(1), if it
306.6 is determined by the commissioner that the
306.7 state will not meet the TANF work
306.8 participation target rate for the current year;
306.9 (2) to provide any additional amounts under
306.10 Code of Federal Regulations, title 45, section
306.11 264.5, that relate to replacement of TANF
306.12 funds due to the operation of TANF penalties;
306.13 and
306.14 (3) to provide any additional amounts that may
306.15 contribute to avoiding or reducing TANF work
306.16 participation penalties through the operation
306.17 of the excess maintenance of effort provisions
306.18 of Code of Federal Regulations, title 45,
306.19 section 261.43(a)(2).
306.20 **(d) Supplemental expenditures.** For the
306.21 purposes of paragraph (d), the commissioner
306.22 may supplement the maintenance of effort
306.23 claim with working family credit expenditures
306.24 or other qualified expenditures to the extent
306.25 such expenditures are otherwise available after
306.26 considering the expenditures allowed in this
306.27 subdivision.
306.28 **(e) Reduction of appropriations; exception.**
306.29 The requirement in Minnesota Statutes, section
306.30 256.011, subdivision 3, that federal grants or
306.31 aids secured or obtained under that subdivision
306.32 be used to reduce any direct appropriations
306.33 provided by law does not apply if the grants
306.34 or aids are federal TANF funds.

307.1 **(f) IT appropriations generally.** This
307.2 appropriation includes funds for information
307.3 technology projects, services, and support.
307.4 Notwithstanding Minnesota Statutes, section
307.5 16E.0466, funding for information technology
307.6 project costs must be incorporated into the
307.7 service level agreement and paid to the
307.8 Minnesota IT Services by the Department of
307.9 Human Services under the rates and
307.10 mechanism specified in that agreement.

307.11 **(g) Receipts for systems project.**
307.12 Appropriations and federal receipts for
307.13 information technology systems projects for
307.14 MAXIS, PRISM, MMIS, ISDS, METS, and
307.15 SSIS must be deposited in the state systems
307.16 account authorized in Minnesota Statutes,
307.17 section 256.014. Money appropriated for
307.18 information technology projects approved by
307.19 the commissioner of the Minnesota IT
307.20 Services funded by the legislature and
307.21 approved by the commissioner of management
307.22 and budget may be transferred from one
307.23 project to another and from development to
307.24 operations as the commissioner of human
307.25 services considers necessary. Any unexpended
307.26 balance in the appropriation for these projects
307.27 does not cancel and is available for ongoing
307.28 development and operations.

307.29 **(h) Federal SNAP education and training**
307.30 **grants.** Federal funds available during fiscal
307.31 years 2024 and 2025 for Supplemental
307.32 Nutrition Assistance Program Education and
307.33 Training and SNAP Quality Control
307.34 Performance Bonus grants are appropriated
307.35 to the commissioner of human services for the

308.1 purposes allowable under the terms of the
 308.2 federal award. This paragraph is effective the
 308.3 day following final enactment.

308.4 **Subd. 3. Central Office; Operations**

308.5 Appropriations by Fund

308.6	<u>General</u>	<u>297,580,000</u>	<u>258,240,000</u>
308.7	<u>State Government</u>		
308.8	<u>Special Revenue</u>	<u>4,776,000</u>	<u>5,284,000</u>
308.9	<u>Health Care Access</u>	<u>18,857,000</u>	<u>20,754,000</u>
308.10	<u>Federal TANF</u>	<u>100,000</u>	<u>100,000</u>

308.11 **(a) Administrative recovery; set-aside.** The
 308.12 commissioner may invoice local entities
 308.13 through the SWIFT accounting system as an
 308.14 alternative means to recover the actual cost of
 308.15 administering the following provisions:

308.16 (1) the statewide data management system
 308.17 authorized in Minnesota Statutes, section
 308.18 125A.744, subdivision 3;

308.19 (2) repayment of the special revenue
 308.20 maximization account as provided under
 308.21 Minnesota Statutes, section 245.495,
 308.22 paragraph (b);

308.23 (3) repayment of the special revenue
 308.24 maximization account as provided under
 308.25 Minnesota Statutes, section 256B.0625,
 308.26 subdivision 20, paragraph (k);

308.27 (4) targeted case management under
 308.28 Minnesota Statutes, section 256B.0924,
 308.29 subdivision 6, paragraph (g);

308.30 (5) residential services for children with severe
 308.31 emotional disturbance under Minnesota
 308.32 Statutes, section 256B.0945, subdivision 4,
 308.33 paragraph (d); and

309.1 (6) repayment of the special revenue
 309.2 maximization account as provided under
 309.3 Minnesota Statutes, section 256F.10,
 309.4 subdivision 6, paragraph (b).

309.5 (b) Base level adjustment. The general fund
 309.6 base is \$251,157,000 in fiscal year 2026 and
 309.7 \$248,981,000 in fiscal year 2027. The state
 309.8 government special revenue base is \$4,880,000
 309.9 in fiscal year 2026 and \$4,880,000 in fiscal
 309.10 year 2027.

309.11 **Subd. 4. Central Office; Children and Families**

<u>Appropriations by Fund</u>			
309.12			
309.13	<u>General</u>	<u>40,568,000</u>	<u>42,523,000</u>
309.14	<u>Federal TANF</u>	<u>3,572,000</u>	<u>3,676,000</u>

309.15 (a) \$64,000 in fiscal year 2024 and \$32,000
 309.16 in fiscal year 2025 from the general fund are
 309.17 for a quadrennial review of child support
 309.18 guidelines. Funds will be transferred to the
 309.19 special revenue fund.

309.20 (b) Base level adjustment. The general fund
 309.21 base is \$41,848,000 in fiscal year 2026 and
 309.22 \$40,452,000 in fiscal year 2027.

309.23 **Subd. 5. Central Office; Health Care**

<u>Appropriations by Fund</u>			
309.24			
309.25	<u>General</u>	<u>49,059,000</u>	<u>32,969,000</u>
309.26	<u>Health Care Access</u>	<u>28,168,000</u>	<u>28,168,000</u>

309.27 (a) \$1,350,000 in fiscal year 2024 is from the
 309.28 general fund to the commissioner of human
 309.29 services to improve the accessibility of
 309.30 Minnesota health care programs applications,
 309.31 forms, and other consumer support resources
 309.32 and services to enrollees with limited English
 309.33 proficiency.

310.1 (b) \$510,000 in fiscal year 2024 and
 310.2 \$1,020,000 in fiscal year 2025 is from the
 310.3 general fund for contracts with
 310.4 community-based organizations to facilitate
 310.5 conversations with applicants and enrollees
 310.6 in Minnesota health care programs to improve
 310.7 the application, enrollment, and service
 310.8 delivery experience in medical assistance and
 310.9 MinnesotaCare.

310.10 (c) The general fund base is \$32,111,000 in
 310.11 fiscal year 2026 and \$35,798,000 in fiscal year
 310.12 2027.

310.13 **Subd. 6. Central Office; Continuing Care for**
 310.14 **Older Adults**

310.15	<u>Appropriations by Fund</u>		
310.16	<u>General</u>	<u>1,098,000</u>	<u>1,277,000</u>

310.17 **Subd. 7. Central Office; Behavioral Health,**
 310.18 **Housing, and Deaf and Hard of Hearing**
 310.19 **Services**

310.20	<u>Appropriations by Fund</u>		
310.21	<u>General</u>	<u>30,483,000</u>	<u>31,113,000</u>

310.22 (a) \$150,000 in fiscal year 2025 is from the
 310.23 general fund and provides funding for
 310.24 evaluating outcomes for the additional grant
 310.25 funding for the expansion of base funding for
 310.26 the PATH grants. The base for this purpose is
 310.27 \$0 in fiscal year 2026 and \$150,000 in fiscal
 310.28 year 2027.

310.29 (b) \$1,720,000 in fiscal year 2024 and
 310.30 \$1,720,000 in fiscal year 2025 is from the
 310.31 general fund and provides funding for an
 310.32 online behavioral health program locator with
 310.33 continued expansion of the provider database
 310.34 allowing people to research and access mental

311.1	<u>health and substance use disorder treatment</u>		
311.2	<u>options.</u>		
311.3	<u>(c) Base level adjustment. The general fund</u>		
311.4	<u>base is \$30,752,000 in fiscal year 2026 and</u>		
311.5	<u>\$30,902,000 in fiscal year 2027.</u>		
311.6	<u>Subd. 8. Forecasted Programs; MFIP/DWP</u>		
311.7	<u>Appropriations by Fund</u>		
311.8	<u>General</u>	<u>84,134,000</u>	<u>86,417,000</u>
311.9	<u>Federal TANF</u>	<u>114,075,000</u>	<u>114,884,000</u>
311.10	<u>Subd. 9. Forecasted Programs; MFIP Child Care</u>		
311.11	<u>Assistance</u>	<u>46,989,000</u>	<u>150,099,000</u>
311.12	<u>Subd. 10. Forecasted Programs; General</u>		
311.13	<u>Assistance</u>	<u>72,248,000</u>	<u>81,553,000</u>
311.14	<u>The amount appropriated for emergency</u>		
311.15	<u>general assistance is limited to no more than</u>		
311.16	<u>\$6,729,812 in fiscal year 2024 and \$6,729,812</u>		
311.17	<u>in fiscal year 2025. Funds to counties shall be</u>		
311.18	<u>allocated by the commissioner using the</u>		
311.19	<u>allocation method under Minnesota Statutes,</u>		
311.20	<u>section 256D.06.</u>		
311.21	<u>Subd. 11. Forecasted Programs; Minnesota</u>		
311.22	<u>Supplemental Aid</u>	<u>56,195,000</u>	<u>57,930,000</u>
311.23	<u>Subd. 12. Forecasted Programs; Housing</u>		
311.24	<u>Support</u>	<u>212,572,000</u>	<u>222,635,000</u>
311.25	<u>Subd. 13. Forecasted Programs; Northstar Care</u>		
311.26	<u>for Children</u>	<u>120,060,000</u>	<u>127,740,000</u>
311.27	<u>Subd. 14. Forecasted Programs; MinnesotaCare</u>	<u>84,028,000</u>	<u>56,028,000</u>
311.28	<u>These appropriations are from the health care</u>		
311.29	<u>access fund.</u>		
311.30	<u>Subd. 15. Forecasted Programs; Medical</u>		
311.31	<u>Assistance</u>		
311.32	<u>Appropriations by Fund</u>		
311.33	<u>General</u>	<u>3,249,235,000</u>	<u>2,723,857,000</u>
311.34	<u>Health Care Access</u>	<u>869,524,000</u>	<u>1,509,499,000</u>

312.1	<u>The health care access fund base is</u>		
312.2	<u>\$612,099,000 in fiscal year 2026,</u>		
312.3	<u>\$1,134,585,000 in fiscal year 2027, and</u>		
312.4	<u>\$612,099,000 in fiscal year 2028.</u>		
312.5	<u>Subd. 16. Forecasted Programs; Behavioral</u>		
312.6	<u>Health Fund</u>	<u>156,000</u>	<u>264,000</u>
312.7	<u>Subd. 17. Grant Programs; Support Services</u>		
312.8	<u>Grants</u>		
312.9	<u>Appropriations by Fund</u>		
312.10	<u>General</u>	<u>8,715,000</u>	<u>8,715,000</u>
312.11	<u>Federal TANF</u>	<u>96,311,000</u>	<u>96,311,000</u>
312.12	<u>Subd. 18. Grant Programs; BSF Child Care</u>		
312.13	<u>Grants</u>	<u>68,402,000</u>	<u>119,785,000</u>
312.14	<u>The general fund base is \$145,462,000 in</u>		
312.15	<u>fiscal year 2026 and \$142,412,000 in fiscal</u>		
312.16	<u>year 2027.</u>		
312.17	<u>Subd. 19. Grant Programs; Child Care</u>		
312.18	<u>Development Grants</u>	<u>170,337,000</u>	<u>177,656,000</u>
312.19	<u>(a) Child care retention program.</u>		
312.20	<u>\$120,000,000 in fiscal year 2024 and</u>		
312.21	<u>\$168,704,000 in fiscal year 2025 are for the</u>		
312.22	<u>child care retention program payments under</u>		
312.23	<u>Minnesota Statutes, section 119B.27. The base</u>		
312.24	<u>for this program is \$161,700,000 in fiscal year</u>		
312.25	<u>2026 and \$161,714,000 in fiscal year 2027.</u>		
312.26	<u>Funds appropriated for this purpose in each</u>		
312.27	<u>fiscal year are available for two fiscal years.</u>		
312.28	<u>(b) Transition grant program. \$46,550,000</u>		
312.29	<u>in fiscal year 2024 is for transition grants for</u>		
312.30	<u>child care providers that intend to participate</u>		
312.31	<u>in the child care retention program. This</u>		
312.32	<u>onetime appropriation is available until June</u>		
312.33	<u>30, 2025.</u>		

313.1 (c) Base level adjustment. The general fund
 313.2 base is \$170,652,000 in fiscal year 2026 and
 313.3 \$170,667,000 in fiscal year 2027.

313.4	<u>Subd. 20. Grant Programs; Child Support</u>		
313.5	<u>Enforcement Grants</u>	<u>50,000</u>	<u>50,000</u>

313.6 Subd. 21. Grant Programs; Children's Services
 313.7 Grants

313.8	<u>Appropriations by Fund</u>		
313.9	<u>General</u>	<u>84,024,000</u>	<u>105,668,000</u>
313.10	<u>Federal TANF</u>	<u>140,000</u>	<u>140,000</u>

313.11 (a) Mille Lacs Band of Ojibwe American
 313.12 Indian child welfare initiative. \$3,337,000
 313.13 in fiscal year 2024 and \$5,294,000 is fiscal
 313.14 year 2025 is from the general fund to support
 313.15 activities necessary for the Mille Lacs Band
 313.16 of Ojibwe to join the American Indian child
 313.17 welfare initiative. The base is \$7,893,000 in
 313.18 fiscal year 2026 and \$7,893,000 in fiscal year
 313.19 2027.

313.20 (b) Leech Lake Band of Ojibwe American
 313.21 Indian child welfare initiative. \$1,848,000
 313.22 in fiscal year 2024 and \$1,848,000 is fiscal
 313.23 year 2025 is from the general fund to the
 313.24 Leech Lake Band of Ojibwe to participate in
 313.25 the American Indian child welfare initiative.

313.26 (c) Red Lake Band of Chippewa American
 313.27 Indian child welfare initiative. \$3,000,000
 313.28 in fiscal year 2024 and \$3,000,000 is fiscal
 313.29 year 2025 is from the general fund to the Red
 313.30 Lake Band of Chippewa to participate in the
 313.31 American Indian child welfare initiative.

313.32 (d) Staffing increase for Tribal nations.
 313.33 \$800,000 in fiscal year 2024 and \$800,000 in
 313.34 fiscal year 2025 is from the general fund for

314.1 Tribal nations to expand staff capacity to
314.2 provide child welfare services.

314.3 (e) \$764,000 in fiscal year 2024 and \$764,000
314.4 in fiscal year 2025 from the general fund is
314.5 for grants for kinship navigator services and
314.6 grants to Tribal nations for kinship navigator
314.7 services. The base is \$750,000 in fiscal year
314.8 2026 and \$750,000 in fiscal year 2027.

314.9 (f) \$6,100,000 in fiscal year 2024 and
314.10 \$9,800,000 in fiscal year 2025 are for Family
314.11 First Prevention and Early Intervention Grants
314.12 pursuant to Minnesota Statutes, section
314.13 260.014.

314.14 (g) \$3,000,000 in fiscal year 2024 and
314.15 \$7,000,000 in fiscal year 2025 are for grants
314.16 to support prevention and early intervention
314.17 services to implement and build upon
314.18 Minnesota's Family First Prevention Services
314.19 Act Title IV-E Prevention Services plan under
314.20 Minnesota Statutes, section 260.014. The base
314.21 includes \$10,000,000 in fiscal year 2026 and
314.22 \$10,000,000 in fiscal year 2027.

314.23 (h) \$450,000 in fiscal year 2024 and \$450,000
314.24 in fiscal year 2025 are for grants to one or
314.25 more grantees to establish and manage a pool
314.26 of state-funded qualified individuals to assess
314.27 potential out-of-home placement of a child in
314.28 a qualified residential treatment program.

314.29 (i) \$1,958,000 in fiscal year 2024 and
314.30 \$2,095,000 in fiscal year 2025 is from the
314.31 general fund for the STAY in the community
314.32 program, pursuant Minnesota Statutes, section
314.33 260C.452. Funds are available until June 30,
314.34 2025.

- 315.1 (j) \$600,000 in fiscal year 2024 and
315.2 \$1,200,000 in fiscal year 2025 is from the
315.3 general fund for the support beyond 21
315.4 program pursuant to Minnesota Statutes,
315.5 section 256.4792. Funds are available until
315.6 June 30, 2025.
- 315.7 (k) \$800,000 in fiscal year 2024 and \$800,000
315.8 in fiscal year 2025 is from the general fund
315.9 for minor connect program pursuant to
315.10 Minnesota Statutes, section 256K.47. Funds
315.11 are available until June 30, 2025.
- 315.12 (l) \$3,000,000 in fiscal year 2024 and
315.13 \$3,000,000 in fiscal year 2025 is from the
315.14 general fund to provide grants to counties and
315.15 American Indian child welfare initiative Tribes
315.16 to be used to reduce extended foster care
315.17 caseload sizes. Funds are available until June
315.18 30, 2025.
- 315.19 (m) \$770,000 in fiscal year 2024 and \$770,000
315.20 in fiscal year 2025 for an increase in the public
315.21 private adoption initiative in order to carry out
315.22 the commissioner's duties under Minnesota
315.23 Statutes, section 256.01, subdivision 2,
315.24 paragraph (h).
- 315.25 (n) Grants to community resource centers; \$0
315.26 in fiscal year 2024 and \$11,250,000 in fiscal
315.27 year 2025 from the general fund is for
315.28 community resource centers, pursuant to
315.29 Minnesota Statutes, section 260C.30. The base
315.30 is \$14,528,000 in fiscal year 2026 and
315.31 \$14,528,000 in fiscal year 2027.
- 315.32 (o) **Base level adjustment.** The general fund
315.33 base is \$114,766,000 in fiscal year 2026 and
315.34 \$114,766,000 in fiscal year 2027.

316.1	<u>Subd. 22. Grant Programs; Children and</u>		
316.2	<u>Community Service Grants</u>	<u>60,856,000</u>	<u>60,856,000</u>
316.3	<u>Subd. 23. Grant Programs; Children and</u>		
316.4	<u>Economic Support Grants</u>	<u>90,609,000</u>	<u>77,109,000</u>
316.5	<u>(a) \$400,000 in fiscal year 2024 is from the</u>		
316.6	<u>general fund to the commissioner for start-up</u>		
316.7	<u>grants to the Red Lake Nation, White Earth</u>		
316.8	<u>Nation, and Mille Lacs Band of Ojibwe to</u>		
316.9	<u>develop a fraud prevention program. This</u>		
316.10	<u>onetime appropriation is available until June</u>		
316.11	<u>30, 2025.</u>		
316.12	<u>(b) Emergency services program.</u>		
316.13	<u>\$15,000,000 in fiscal year 2024 and</u>		
316.14	<u>\$20,000,000 in fiscal year 2025 from the</u>		
316.15	<u>general fund for the emergency services</u>		
316.16	<u>program under Minnesota Statutes, section</u>		
316.17	<u>256E.36. Grant allocation balances in the first</u>		
316.18	<u>year do not cancel but are available in the</u>		
316.19	<u>second year of the biennium. The base</u>		
316.20	<u>includes \$35,000,000 in fiscal year 2026 and</u>		
316.21	<u>\$35,000,000 in fiscal year 2027.</u>		
316.22	<u>(c) Tribal food sovereignty grants.</u>		
316.23	<u>\$3,000,000 in fiscal year 2024 and \$3,000,000</u>		
316.24	<u>in fiscal year 2025 are from the general fund</u>		
316.25	<u>for grants to support food security among</u>		
316.26	<u>Tribal nations and American Indian</u>		
316.27	<u>communities under Minnesota Statutes, section</u>		
316.28	<u>256E.341. Funds are available until June 30,</u>		
316.29	<u>2025. The base includes \$2,000,000 in fiscal</u>		
316.30	<u>year 2026 and \$2,000,000 in fiscal year 2027.</u>		
316.31	<u>(d) Food support grants. \$6,000,000 in fiscal</u>		
316.32	<u>year 2024 and \$6,000,000 in fiscal year 2025</u>		
316.33	<u>is from the general fund for the Minnesota</u>		
316.34	<u>food shelf program under Minnesota Statutes,</u>		

317.1 section 256E.34. Funds are available until June
317.2 30, 2025.

317.3 **(e) Outreach and application assistance for**
317.4 **SNAP-eligible Minnesotans. \$3,000,000 in**
317.5 **fiscal year 2024 and \$3,000,000 in fiscal year**
317.6 **2025 is from the general fund to provide**
317.7 **outreach and application assistance to eligible**
317.8 **Minnesotans who are not enrolled in SNAP.**
317.9 **Funds may be used for support organizations**
317.10 **across the state to provide education,**
317.11 **information, and assistance to help**
317.12 **Minnesotans apply for SNAP using culturally**
317.13 **relevant and community-driven approaches.**

317.14 **(f) Capital for emergency food distribution**
317.15 **facilities. \$19,000,000 in fiscal year 2024 is**
317.16 **for improving and expanding the infrastructure**
317.17 **of food shelf facilities across the state,**
317.18 **including adding freezer or cooler space and**
317.19 **dry storage space, improving the safety and**
317.20 **sanitation of existing food shelves, and**
317.21 **addressing deferred maintenance or other**
317.22 **facility needs of existing food shelves. Grant**
317.23 **money shall be made available to nonprofit**
317.24 **organizations, federally recognized Tribes,**
317.25 **and local units of government. This is a**
317.26 **onetime appropriation and is available until**
317.27 **June 30, 2027.**

317.28 **(g) Base level adjustment. The general fund**
317.29 **base is \$93,609,000 in fiscal year 2026 and**
317.30 **\$93,609,000 in fiscal year 2027.**

317.31 **Subd. 24. Grant Programs; Health Care Grants**

317.32	<u>Appropriations by Fund</u>		
317.33	<u>General</u>	<u>5,811,000</u>	<u>7,297,000</u>
317.34	<u>Health Care Access</u>	<u>4,529,000</u>	<u>3,465,000</u>

318.1 (a) \$1,000,000 in fiscal year 2024 and
 318.2 \$1,000,000 in fiscal year 2025 is from the
 318.3 general fund to the commissioner of human
 318.4 services for funding to the Indian Health Board
 318.5 of Minneapolis to support continued access to
 318.6 health care coverage through Minnesota health
 318.7 care programs, improve access to quality care,
 318.8 and increase vaccination rates among urban
 318.9 American Indians. The general fund base for
 318.10 this appropriation is \$1,000,000 in fiscal year
 318.11 2026 and \$0 in fiscal year 2027.

318.12 (b) \$2,000,000 in fiscal year 2025 is from the
 318.13 general fund for grants to demonstration
 318.14 participants in a project to develop innovative
 318.15 cost of care payment models that integrate
 318.16 social services and health care service delivery
 318.17 for Medicaid beneficiaries. The base includes
 318.18 for this proposal \$1,260,000 in fiscal year
 318.19 2026 and \$1,260,000 in fiscal year 2027, and
 318.20 the base is \$0 in fiscal year 2028.

318.21 (c) \$1,064,000 in fiscal year 2024 is from the
 318.22 health care access fund to the commissioner
 318.23 of human services for grants to organizations
 318.24 with a MNsure grant services navigator
 318.25 assister contract in good standing as of June
 318.26 30, 2022. Funds are available until June 30,
 318.27 2025. This is a onetime appropriation.

318.28 (d) **Base level adjustment.** The general fund
 318.29 base is \$7,071,000 in fiscal year 2026 and
 318.30 \$6,071,000 in fiscal year 2027.

318.31 <u>Subd. 25. Grant Programs; Deaf and</u>		
318.32 <u>Hard-of-Hearing Grants</u>	<u>2,886,000</u>	<u>2,886,000</u>

318.33 <u>Subd. 26. Grant Programs; Disabilities Grants</u>	<u>500,000</u>	<u>2,000,000</u>
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318.34 \$500,000 in fiscal year 2024 and \$2,000,000
 318.35 in fiscal year 2025 are from the general fund

319.1 for the transition to community grant initiative
 319.2 grant funding under the Laws 2021, First
 319.3 Special Session chapter 7, article 17, section
 319.4 6.

319.5 **Subd. 27. Grant Programs; Housing Support**
 319.6 **Grants** 18,634,000 10,364,000

319.7 **Subd. 28. Grant Programs; Adult Mental Health**
 319.8 **Grants**

319.9 Appropriations by Fund
 319.10 General 128,537,000 142,175,000

319.11 (a) \$300,000 in fiscal year 2024 and \$300,000
 319.12 in fiscal year 2025 are for adult mental health
 319.13 initiative grants to the White Earth Nation.
 319.14 This is a onetime appropriation.

319.15 (b) \$1,375,000 in fiscal year 2024 and
 319.16 \$5,000,000 in fiscal year 2025 are from the
 319.17 general fund for the transition to community
 319.18 grant initiative grant funding under Laws
 319.19 2021, First Special Session chapter 7, article
 319.20 17, section 6.

319.21 (c) \$4,000,000 in fiscal year 2024 and
 319.22 \$8,000,000 in fiscal year 2025 are from the
 319.23 general fund for the mobile crisis grants under
 319.24 the Laws 2021, First Special Session chapter
 319.25 7, article 17, section 11.

319.26 (d) \$1,000,000 in fiscal year 2024 and
 319.27 \$1,000,000 in fiscal year 2025 are from the
 319.28 general fund for mobile crisis funds to Tribal
 319.29 nations.

319.30 (e) Base level adjustment. The general fund
 319.31 base is \$152,483,000 in fiscal year 2026 and
 319.32 \$152,465,000 in fiscal year 2027.

319.33 **Subd. 29. Grant Programs; Child Mental Health**
 319.34 **Grants** 48,530,000 46,676,000

- 320.1 (a) \$4,400,000 in fiscal year 2024 and
320.2 \$4,400,000 in fiscal year 2025 are from the
320.3 general fund for school-linked behavioral
320.4 health services in intermediate school districts.
- 320.5 (b) \$1,050,000 in fiscal year 2024 and
320.6 \$1,050,000 in fiscal year 2025 are from the
320.7 general fund for psychiatric residential
320.8 treatment facilities specialization grants for
320.9 staffing costs to treat and support behavioral
320.10 health conditions and support children and
320.11 families.
- 320.12 (c) \$1,250,000 in fiscal year 2024 and
320.13 \$1,250,000 in fiscal year 2025 are from the
320.14 general fund for emerging mood disorder
320.15 grants for evidence-informed interventions for
320.16 youth and young adults who are at higher risk
320.17 of developing a mood disorder or are already
320.18 experiencing an emerging mood disorder such
320.19 as major depression or bipolar disorder.
- 320.20 (d) \$1,000,000 in fiscal year 2024 and
320.21 \$1,000,000 in fiscal year 2025 are from the
320.22 general fund for grants to implement the
320.23 mobile response and stabilization services
320.24 model. The model is to promote access to
320.25 crisis response services, reduce admissions to
320.26 psychiatric hospitalizations and out-of-home
320.27 placement services, which are expensive and
320.28 traumatic for children, youth, and families.
- 320.29 (e) \$1,000,000 in fiscal year 2024 and
320.30 \$1,000,000 in fiscal year 2025 are from the
320.31 general fund and must be used to provide grant
320.32 funding to mental health consultants
320.33 throughout the state including Tribal nations
320.34 for expertise in young children's development
320.35 and early childhood services.

321.1 (f) Base level adjustment. The general fund
 321.2 base is \$50,926,000 in fiscal year 2026 and
 321.3 \$50,926,000 in fiscal year 2027.

321.4 Subd. 30. Grant Programs; Chemical
 321.5 Dependency Treatment Support Grants

321.6 Appropriations by Fund

321.7 General 1,350,000 1,350,000

321.8 Subd. 31. Technical Activities 71,493,000 71,493,000

321.9 This appropriation is from the federal TANF
 321.10 fund.

321.11 Sec. 3. NAVIGATOR ASSISTER GRANTS.

321.12 \$1,936,000 in fiscal year 2023 is appropriated from the health care access fund to the
 321.13 commissioner of human services for grants to organizations with a MNsure grant services
 321.14 navigator assister contract in good standing as of June 30, 2023. The grant payment to each
 321.15 organization must be in proportion to the number of medical assistance and MinnesotaCare
 321.16 enrollees each organization assisted that resulted in a successful enrollment in the second
 321.17 quarter of fiscal years 2020 and 2022, as determined by MNsure's navigator payment process.
 321.18 This is a onetime appropriation and is available until June 30, 2025.

321.19 Sec. 4. ASSET DISREGARDS.

321.20 \$351,000 in fiscal year 2023 is appropriated from the general fund to the commissioner
 321.21 of human services to implement a temporary asset disregard program in the medical
 321.22 assistance program. This is a onetime appropriation.

321.23 Sec. 5. Laws 2021, First Special Session chapter 7, article 16, section 2, subdivision 32,
 321.24 as amended by Laws 2022, chapter 98, article 15, section 7, subdivision 32, is amended to
 321.25 read:

321.26 Subd. 32. Grant Programs; Child Mental Health
 321.27 Grants

30,167,000 30,182,000

321.28 (a) Children's Residential Facilities.

321.29 \$1,964,000 in fiscal year 2022 and \$1,979,000
 321.30 in fiscal year 2023 are to reimburse counties
 321.31 and Tribal governments for a portion of the
 321.32 costs of treatment in children's residential

322.1 facilities. The commissioner shall distribute
 322.2 the appropriation to counties and Tribal
 322.3 governments proportionally based on a
 322.4 methodology developed by the commissioner.
 322.5 ~~The fiscal year 2022 appropriation is available~~
 322.6 ~~until June 30, 2023~~ base for this activity is \$0
 322.7 in fiscal year 2025.

322.8 (b) **Base Level Adjustment.** The general fund
 322.9 base is \$29,580,000 in fiscal year 2024 and
 322.10 ~~\$27,705,000~~ \$25,726,000 in fiscal year 2025.

322.11 Sec. 6. **TRANSFERS.**

322.12 Subdivision 1. **Grants.** The commissioner of human services, with the approval of the
 322.13 commissioner of management and budget, may transfer unencumbered appropriation balances
 322.14 for the biennium ending June 30, 2025, within fiscal years among the MFIP; general
 322.15 assistance; medical assistance; MinnesotaCare; MFIP child care assistance under Minnesota
 322.16 Statutes, section 119B.05; Minnesota supplemental aid program; group residential housing
 322.17 program; the entitlement portion of Northstar Care for Children under Minnesota Statutes,
 322.18 chapter 256N; and the entitlement portion of the behavioral health fund between fiscal years
 322.19 of the biennium. The commissioner shall inform the chairs and ranking minority members
 322.20 of the legislative committees with jurisdiction over health and human services quarterly
 322.21 about transfers made under this subdivision.

322.22 Subd. 2. **Administration.** Positions, salary money, and nonsalary administrative money
 322.23 may be transferred within the Department of Human Services as the commissioners consider
 322.24 necessary, with the advance approval of the commissioner of management and budget. The
 322.25 commissioners shall inform the chairs and ranking minority members of the legislative
 322.26 committees with jurisdiction over health and human services finance quarterly about transfers
 322.27 made under this section.

62J.692 MEDICAL EDUCATION.

Subd. 4a. **Alternative distribution.** If federal approval is not received for the formula described in subdivision 4, paragraphs (a) and (b), 100 percent of available medical education and research funds shall be distributed based on a distribution formula that reflects a summation of two factors:

(1) a public program volume factor, that is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool; and

(2) a supplemental public program volume factor, that is determined by providing a supplemental payment of 20 percent of each training site's grant to training sites whose public program revenue accounted for at least 0.98 percent of the total public program revenue received by all eligible training sites. Grants to training sites whose public program revenue accounted for less than 0.98 percent of the total public program revenue received by all eligible training sites shall be reduced by an amount equal to the total value of the supplemental payment.

Subd. 7. **Transfers from commissioner of human services.** Of the amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clauses (1) to (4), \$21,714,000 shall be distributed as follows:

(1) \$2,157,000 shall be distributed by the commissioner to the University of Minnesota Board of Regents for the purposes described in sections 137.38 to 137.40;

(2) \$1,035,360 shall be distributed by the commissioner to the Hennepin County Medical Center for clinical medical education;

(3) \$17,400,000 shall be distributed by the commissioner to the University of Minnesota Board of Regents for purposes of medical education;

(4) \$1,121,640 shall be distributed by the commissioner to clinical medical education dental innovation grants in accordance with subdivision 7a; and

(5) the remainder of the amount transferred according to section 256B.69, subdivision 5c, clauses (1) to (4), shall be distributed by the commissioner annually to clinical medical education programs that meet the qualifications of subdivision 3 based on the formula in subdivision 4, paragraph (a).

Subd. 7a. **Clinical medical education innovations grants.** (a) The commissioner shall award grants to teaching institutions and clinical training sites for projects that increase dental access for underserved populations and promote innovative clinical training of dental professionals. In awarding the grants, the commissioner, in consultation with the commissioner of human services, shall consider the following:

(1) potential to successfully increase access to an underserved population;

(2) the long-term viability of the project to improve access beyond the period of initial funding;

(3) evidence of collaboration between the applicant and local communities;

(4) the efficiency in the use of the funding; and

(5) the priority level of the project in relation to state clinical education, access, and workforce goals.

(b) The commissioner shall periodically evaluate the priorities in awarding the innovations grants in order to ensure that the priorities meet the changing workforce needs of the state.

119B.03 BASIC SLIDING FEE PROGRAM.

Subd. 4. **Funding priority.** (a) First priority for child care assistance under the basic sliding fee program must be given to eligible non-MFIP families who do not have a high school diploma or commissioner of education-selected high school equivalency certification or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. This includes student parents as defined under section 119B.011, subdivision 19b. Within this priority, the following subpriorities must be used:

(1) child care needs of minor parents;

(2) child care needs of parents under 21 years of age; and

(3) child care needs of other parents within the priority group described in this paragraph.

(b) Second priority must be given to parents who have completed their MFIP or DWP transition year, or parents who are no longer receiving or eligible for diversionary work program supports.

(c) Third priority must be given to families who are eligible for portable basic sliding fee assistance through the portability pool under subdivision 9.

(d) Fourth priority must be given to families in which at least one parent is a veteran as defined under section 197.447.

(e) Families under paragraph (b) must be added to the basic sliding fee waiting list on the date they begin the transition year under section 119B.011, subdivision 20, and must be moved into the basic sliding fee program as soon as possible after they complete their transition year.

137.38 EDUCATION AND TRAINING OF PRIMARY CARE PHYSICIANS.

Subdivision 1. **Condition.** If the Board of Regents accepts the amount transferred under section 62J.692, subdivision 7, clause (1), to be used for the purposes described in sections 137.38 to 137.40, it shall comply with the duties for which the transfer is made.

245.735 CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINIC SERVICES.

Subd. 3. **Certified community behavioral health clinics.** (a) The commissioner shall establish a state certification process for certified community behavioral health clinics (CCBHCs) that satisfy all federal requirements necessary for CCBHCs certified under this section to be eligible for reimbursement under medical assistance, without service area limits based on geographic area or region. The commissioner shall consult with CCBHC stakeholders before establishing and implementing changes in the certification process and requirements. Entities that choose to be CCBHCs must:

- (1) comply with state licensing requirements and other requirements issued by the commissioner;
- (2) employ or contract for clinic staff who have backgrounds in diverse disciplines, including licensed mental health professionals and licensed alcohol and drug counselors, and staff who are culturally and linguistically trained to meet the needs of the population the clinic serves;
- (3) ensure that clinic services are available and accessible to individuals and families of all ages and genders and that crisis management services are available 24 hours per day;
- (4) establish fees for clinic services for individuals who are not enrolled in medical assistance using a sliding fee scale that ensures that services to patients are not denied or limited due to an individual's inability to pay for services;
- (5) comply with quality assurance reporting requirements and other reporting requirements, including any required reporting of encounter data, clinical outcomes data, and quality data;
- (6) provide crisis mental health and substance use services, withdrawal management services, emergency crisis intervention services, and stabilization services through existing mobile crisis services; screening, assessment, and diagnosis services, including risk assessments and level of care determinations; person- and family-centered treatment planning; outpatient mental health and substance use services; targeted case management; psychiatric rehabilitation services; peer support and counselor services and family support services; and intensive community-based mental health services, including mental health services for members of the armed forces and veterans. CCBHCs must directly provide the majority of these services to enrollees, but may coordinate some services with another entity through a collaboration or agreement, pursuant to paragraph (b);
- (7) provide coordination of care across settings and providers to ensure seamless transitions for individuals being served across the full spectrum of health services, including acute, chronic, and behavioral needs. Care coordination may be accomplished through partnerships or formal contracts with:
 - (i) counties, health plans, pharmacists, pharmacies, rural health clinics, federally qualified health centers, inpatient psychiatric facilities, substance use and detoxification facilities, or community-based mental health providers; and
 - (ii) other community services, supports, and providers, including schools, child welfare agencies, juvenile and criminal justice agencies, Indian health services clinics, tribally licensed health care and mental health facilities, urban Indian health clinics, Department of Veterans Affairs medical centers, outpatient clinics, drop-in centers, acute care hospitals, and hospital outpatient clinics;
- (8) be certified as a mental health clinic under section 245I.20;

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(9) comply with standards established by the commissioner relating to CCBHC screenings, assessments, and evaluations;

(10) be licensed to provide substance use disorder treatment under chapter 245G;

(11) be certified to provide children's therapeutic services and supports under section 256B.0943;

(12) be certified to provide adult rehabilitative mental health services under section 256B.0623;

(13) be enrolled to provide mental health crisis response services under section 256B.0624;

(14) be enrolled to provide mental health targeted case management under section 256B.0625, subdivision 20;

(15) comply with standards relating to mental health case management in Minnesota Rules, parts 9520.0900 to 9520.0926;

(16) provide services that comply with the evidence-based practices described in paragraph (e); and

(17) comply with standards relating to peer services under sections 256B.0615, 256B.0616, and 245G.07, subdivision 2, clause (8), as applicable when peer services are provided.

(b) If a certified CCBHC is unable to provide one or more of the services listed in paragraph (a), clauses (6) to (17), the CCBHC may contract with another entity that has the required authority to provide that service and that meets the following criteria as a designated collaborating organization:

(1) the entity has a formal agreement with the CCBHC to furnish one or more of the services under paragraph (a), clause (6);

(2) the entity provides assurances that it will provide services according to CCBHC service standards and provider requirements;

(3) the entity agrees that the CCBHC is responsible for coordinating care and has clinical and financial responsibility for the services that the entity provides under the agreement; and

(4) the entity meets any additional requirements issued by the commissioner.

(c) Notwithstanding any other law that requires a county contract or other form of county approval for certain services listed in paragraph (a), clause (6), a clinic that otherwise meets CCBHC requirements may receive the prospective payment under section 256B.0625, subdivision 5m, for those services without a county contract or county approval. As part of the certification process in paragraph (a), the commissioner shall require a letter of support from the CCBHC's host county confirming that the CCBHC and the county or counties it serves have an ongoing relationship to facilitate access and continuity of care, especially for individuals who are uninsured or who may go on and off medical assistance.

(d) When the standards listed in paragraph (a) or other applicable standards conflict or address similar issues in duplicative or incompatible ways, the commissioner may grant variances to state requirements if the variances do not conflict with federal requirements for services reimbursed under medical assistance. If standards overlap, the commissioner may substitute all or a part of a licensure or certification that is substantially the same as another licensure or certification. The commissioner shall consult with stakeholders, as described in subdivision 4, before granting variances under this provision. For the CCBHC that is certified but not approved for prospective payment under section 256B.0625, subdivision 5m, the commissioner may grant a variance under this paragraph if the variance does not increase the state share of costs.

(e) The commissioner shall issue a list of required evidence-based practices to be delivered by CCBHCs, and may also provide a list of recommended evidence-based practices. The commissioner may update the list to reflect advances in outcomes research and medical services for persons living with mental illnesses or substance use disorders. The commissioner shall take into consideration the adequacy of evidence to support the efficacy of the practice, the quality of workforce available, and the current availability of the practice in the state. At least 30 days before issuing the initial list and any revisions, the commissioner shall provide stakeholders with an opportunity to comment.

(f) The commissioner shall recertify CCBHCs at least every three years. The commissioner shall establish a process for decertification and shall require corrective action, medical assistance repayment, or decertification of a CCBHC that no longer meets the requirements in this section or that fails to meet the standards provided by the commissioner in the application and certification process.

245C.02 DEFINITIONS.

Subd. 14b. **Public law background study.** "Public law background study" means a background study conducted by the commissioner pursuant to section 245C.032.

245C.032 PUBLIC LAW BACKGROUND STUDIES.

Subdivision 1. **Public law background studies.** (a) Notwithstanding all other sections of chapter 245C, the commissioner shall conduct public law background studies exclusively in accordance with this section. The commissioner shall conduct a public law background study under this section for an individual having direct contact with persons served by a licensed sex offender treatment program under chapters 246B and 253D.

(b) All terms in this section shall have the definitions provided in section 245C.02.

(c) The commissioner shall conduct public law background studies according to the following:

(1) section 245C.04, subdivision 1, paragraphs (a), (b), (d), (g), (h), and (i), subdivision 4a, and subdivision 7;

(2) section 245C.05, subdivision 1, paragraphs (a) and (d), subdivisions 2, 2c, and 2d, subdivision 4, paragraph (a), clauses (1) and (2), subdivision 5, paragraphs (b) to (f), and subdivisions 6 and 7;

(3) section 245C.051;

(4) section 245C.07, paragraphs (a), (b), (d), and (f);

(5) section 245C.08, subdivision 1, paragraph (a), clauses (1) to (5), paragraphs (b), (c), (d), and (e), subdivision 3, and subdivision 4, paragraphs (a), (c), (d), and (e);

(6) section 245C.09, subdivisions 1 and 2;

(7) section 245C.10, subdivision 9;

(8) section 245C.13, subdivision 1, and subdivision 2, paragraph (a), and paragraph (c), clauses (1) to (3);

(9) section 245C.14, subdivisions 1 and 2;

(10) section 245C.15;

(11) section 245C.16, subdivision 1, paragraphs (a), (b), (c), and (f), and subdivision 2, paragraphs (a) and (b);

(12) section 245C.17, subdivision 1, subdivision 2, paragraph (a), clauses (1) to (3), clause (6), item (ii), subdivision 3, paragraphs (a) and (b), paragraph (c), clauses (1) and (2), items (ii) and (iii), paragraph (d), clauses (1) and (2), item (ii), and paragraph (e);

(13) section 245C.18, paragraph (a);

(14) section 245C.19;

(15) section 245C.20;

(16) section 245C.21, subdivision 1, subdivision 1a, paragraph (c), and subdivisions 2, 3, and 4;

(17) section 245C.22, subdivisions 1, 2, and 3, subdivision 4, paragraphs (a) to (c), subdivision 5, paragraphs (a), (b), and (d), and subdivision 6;

(18) section 245C.23, subdivision 1, paragraphs (a) and (b), and subdivision 2, paragraphs (a) to (c);

(19) section 245C.24, subdivision 2, paragraph (a);

(20) section 245C.25;

(21) section 245C.27;

(22) section 245C.28;

(23) section 245C.29, subdivision 1, and subdivision 2, paragraphs (a) and (c);

(24) section 245C.30, subdivision 1, paragraphs (a) and (d), and subdivisions 3 to 5;

(25) section 245C.31; and

(26) section 245C.32.

Subd. 2. **Classification of public law background study data; access to information.** All data obtained by the commissioner for a background study completed under this section shall be classified as private data.

245C.11 BACKGROUND STUDY; COUNTY AGENCIES.

Subd. 3. **Criminal history data.** County agencies shall have access to the criminal history data in the same manner as county licensing agencies under this chapter for purposes of background studies completed before the implementation of NETStudy 2.0 by county agencies on legal nonlicensed child care providers to determine eligibility for child care funds under chapter 119B.

245C.30 VARIANCE FOR A DISQUALIFIED INDIVIDUAL.

Subd. 1a. **Public law background study variances.** For a variance related to a public law background study conducted under section 245C.032, the variance shall state the services that may be provided by the disqualified individual and state the conditions with which the license holder or applicant must comply for the variance to remain in effect. The variance shall not state the reason for the disqualification.

256.8799 SUPPLEMENTAL NUTRITION ASSISTANCE OUTREACH PROGRAM.

Subdivision 1. **Establishment.** The commissioner of human services shall establish, in consultation with the representatives from community action agencies, a statewide outreach program to better inform potential recipients of the existence and availability of Supplemental Nutrition Assistance Program (SNAP) benefits under SNAP. As part of the outreach program, the commissioner and community action agencies shall encourage recipients in the use of SNAP benefits at food cooperatives. The commissioner shall explore and pursue federal funding sources, and specifically, apply for funding from the United States Department of Agriculture for the SNAP outreach program.

Subd. 2. **Administration of the program.** A community association representing community action agencies under section 256E.31, in consultation with the commissioner shall administer the outreach program, issue the request for proposals, and review and approve the potential grantee's plan. Grantees shall comply with the monitoring and reporting requirements as developed by the commissioner in accordance with subdivision 4, and must also participate in the evaluation process as directed by the commissioner. Grantees must successfully complete one year of outreach and demonstrate compliance with all monitoring and reporting requirements in order to be eligible for additional funding.

Subd. 3. **Plan content.** In approving the plan, the association shall evaluate the plan and give highest priority to a plan that:

(1) targets communities in which 50 percent or fewer of the residents with incomes below 125 percent of the poverty level receive SNAP benefits;

(2) demonstrates that the grantee has the experience necessary to administer the program;

(3) demonstrates a cooperative relationship with the local county social service agencies;

(4) provides ways to improve the dissemination of information on SNAP as well as other assistance programs through a statewide hotline or other community agencies;

(5) provides direct advocacy consisting of face-to-face assistance with the potential applicants;

(6) improves access to SNAP by documenting barriers to participation and advocating for changes in the administrative structure of the program; and

(7) develops strategies for combatting community stereotypes about SNAP benefit recipients and SNAP, misinformation about the program, and the stigma associated with using SNAP benefits.

Subd. 4. **Coordinated development.** The commissioner shall consult with representatives from the United States Department of Agriculture, Minnesota Community Action Association, Food First Coalition, Minnesota Department of Human Services, Urban Coalition/University of Minnesota extension services, county social service agencies, local social service agencies, and organizations that have previously administered the state-funded SNAP outreach programs to:

(1) develop the reporting requirements for the program;

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- (2) develop and implement the monitoring of the program;
- (3) develop, coordinate, and assist in the evaluation process; and
- (4) provide an interim report to the legislature by January 1997, and a final report to the legislature by January 1998, which includes the results of the evaluation and recommendations.

256.9864 REPORTS BY RECIPIENT.

(a) An assistance unit with a recent work history or with earned income shall report monthly to the county agency on income received and other circumstances affecting eligibility or assistance amounts. All other assistance units shall report on income and other circumstances affecting eligibility and assistance amounts, as specified by the state agency.

(b) An assistance unit required to submit a report on the form designated by the commissioner and within ten days of the due date or the date of the significant change, whichever is later, or otherwise report significant changes which would affect eligibility or assistance amounts, is considered to have continued its application for assistance effective the date the required report is received by the county agency, if a complete report is received within a calendar month in which assistance was received.

256B.69 PREPAID HEALTH PLANS.

Subd. 5c. **Medical education and research fund.** (a) The commissioner of human services shall transfer each year to the medical education and research fund established under section 62J.692, an amount specified in this subdivision. The commissioner shall calculate the following:

(1) an amount equal to the reduction in the prepaid medical assistance payments as specified in this clause. After January 1, 2002, the county medical assistance capitation base rate prior to plan specific adjustments is reduced 6.3 percent for Hennepin County, two percent for the remaining metropolitan counties, and 1.6 percent for nonmetropolitan Minnesota counties. Nursing facility and elderly waiver payments and demonstration project payments operating under subdivision 23 are excluded from this reduction. The amount calculated under this clause shall not be adjusted for periods already paid due to subsequent changes to the capitation payments;

(2) beginning July 1, 2003, \$4,314,000 from the capitation rates paid under this section;

(3) beginning July 1, 2002, an additional \$12,700,000 from the capitation rates paid under this section; and

(4) beginning July 1, 2003, an additional \$4,700,000 from the capitation rates paid under this section.

(b) This subdivision shall be effective upon approval of a federal waiver which allows federal financial participation in the medical education and research fund. The amount specified under paragraph (a), clauses (1) to (4), shall not exceed the total amount transferred for fiscal year 2009. Any excess shall first reduce the amounts specified under paragraph (a), clauses (2) to (4). Any excess following this reduction shall proportionally reduce the amount specified under paragraph (a), clause (1).

(c) Beginning September 1, 2011, of the amount in paragraph (a), the commissioner shall transfer \$21,714,000 each fiscal year to the medical education and research fund.

(d) Beginning September 1, 2011, of the amount in paragraph (a), following the transfer under paragraph (c), the commissioner shall transfer to the medical education research fund \$23,936,000 in fiscal years 2012 and 2013 and \$49,552,000 in fiscal year 2014 and thereafter.

256J.08 DEFINITIONS.

Subd. 10. **Budget month.** "Budget month" means the calendar month which the county agency uses to determine the income or circumstances of an assistance unit to calculate the amount of the assistance payment in the payment month.

Subd. 53. **Lump sum.** "Lump sum" means nonrecurring income as described in section 256P.06, subdivision 3, clause (2), item (ix).

Subd. 61. **Monthly income test.** "Monthly income test" means the test used to determine ongoing eligibility and the assistance payment amount according to section 256J.21.

Subd. 62. **Nonrecurring income.** "Nonrecurring income" means a form of income which is received:

(1) only one time or is not of a continuous nature; or

(2) in a prospective payment month but is no longer received in the corresponding retrospective payment month.

Subd. 81. **Retrospective budgeting.** "Retrospective budgeting" means a method of determining the amount of the assistance payment in which the payment month is the second month after the budget month.

Subd. 83. **Significant change.** "Significant change" means a decline in gross income of the amount of the disregard as defined in section 256P.03 or more from the income used to determine the grant for the current month.

256J.30 APPLICANT AND PARTICIPANT REQUIREMENTS AND RESPONSIBILITIES.

Subd. 5. **Monthly MFIP household reports.** Each assistance unit with a member who has earned income or a recent work history, and each assistance unit that has income deemed to it from a financially responsible person must complete a monthly MFIP household report form. "Recent work history" means the individual received earned income in the report month or any of the previous three calendar months even if the earnings are excluded. To be complete, the MFIP household report form must be signed and dated by the caregivers no earlier than the last day of the reporting period. All questions required to determine assistance payment eligibility must be answered, and documentation of earned income must be included.

Subd. 7. **Due date of MFIP household report form.** An MFIP household report form must be received by the county agency by the eighth calendar day of the month following the reporting period covered by the form. When the eighth calendar day of the month falls on a weekend or holiday, the MFIP household report form must be received by the county agency the first working day that follows the eighth calendar day.

Subd. 8. **Late MFIP household report forms.** (a) Paragraphs (b) to (e) apply to the reporting requirements in subdivision 7.

(b) When the county agency receives an incomplete MFIP household report form, the county agency must immediately contact the caregiver by phone or in writing to acquire the necessary information to complete the form.

(c) The automated eligibility system must send a notice of proposed termination of assistance to the assistance unit if a complete MFIP household report form is not received by a county agency. The automated notice must be mailed to the caregiver by approximately the 16th of the month. When a caregiver submits an incomplete form on or after the date a notice of proposed termination has been sent, the termination is valid unless the caregiver submits a complete form before the end of the month.

(d) An assistance unit required to submit an MFIP household report form is considered to have continued its application for assistance if a complete MFIP household report form is received within a calendar month after the month in which the form was due and assistance shall be paid for the period beginning with the first day of that calendar month.

(e) A county agency must allow good cause exemptions from the reporting requirements under subdivision 5 when any of the following factors cause a caregiver to fail to provide the county agency with a completed MFIP household report form before the end of the month in which the form is due:

(1) an employer delays completion of employment verification;

(2) a county agency does not help a caregiver complete the MFIP household report form when the caregiver asks for help;

(3) a caregiver does not receive an MFIP household report form due to mistake on the part of the department or the county agency or due to a reported change in address;

(4) a caregiver is ill, or physically or mentally incapacitated; or

(5) some other circumstance occurs that a caregiver could not avoid with reasonable care which prevents the caregiver from providing a completed MFIP household report form before the end of the month in which the form is due.

256J.33 PROSPECTIVE AND RETROSPECTIVE MFIP ELIGIBILITY.

Subd. 3. **Retrospective eligibility.** After the first two months of MFIP eligibility, a county agency must continue to determine whether an assistance unit is prospectively eligible for the payment month by looking at all factors other than income and then determine whether the assistance unit is retrospectively income eligible by applying the monthly income test to the income from the budget month. When the monthly income test is not satisfied, the assistance payment must be suspended when ineligibility exists for one month or ended when ineligibility exists for more than one month.

Subd. 4. **Monthly income test.** A county agency must apply the monthly income test retrospectively for each month of MFIP eligibility. An assistance unit is not eligible when the countable income equals or exceeds the MFIP standard of need or the family wage level for the assistance unit. The income applied against the monthly income test must include:

(1) gross earned income from employment as described in chapter 256P, prior to mandatory payroll deductions, voluntary payroll deductions, wage authorizations, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(2) gross earned income from self-employment less deductions for self-employment expenses in section 256J.37, subdivision 5, but prior to any reductions for personal or business state and federal income taxes, personal FICA, personal health and life insurance, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(3) unearned income as described in section 256P.06, subdivision 3, after deductions for allowable expenses in section 256J.37, subdivision 9, and allocations in section 256J.36;

(4) gross earned income from employment as determined under clause (1) which is received by a member of an assistance unit who is a minor child or minor caregiver and less than a half-time student;

(5) child support received by an assistance unit, excluded under section 256P.06, subdivision 3, clause (2), item (xvi);

(6) spousal support received by an assistance unit;

(7) the income of a parent when that parent is not included in the assistance unit;

(8) the income of an eligible relative and spouse who seek to be included in the assistance unit; and

(9) the unearned income of a minor child included in the assistance unit.

Subd. 5. **When to terminate assistance.** When an assistance unit is ineligible for MFIP assistance for two consecutive months, the county agency must terminate MFIP assistance.

256J.34 CALCULATING ASSISTANCE PAYMENTS.

Subdivision 1. **Prospective budgeting.** A county agency must use prospective budgeting to calculate the assistance payment amount for the first two months for an applicant who has not received assistance in this state for at least one payment month preceding the first month of payment under a current application. Notwithstanding subdivision 3, paragraph (a), clause (2), a county agency must use prospective budgeting for the first two months for a person who applies to be added to an assistance unit. Prospective budgeting is not subject to overpayments or underpayments unless fraud is determined under section 256.98.

(a) The county agency must apply the income received or anticipated in the first month of MFIP eligibility against the need of the first month. The county agency must apply the income received or anticipated in the second month against the need of the second month.

(b) When the assistance payment for any part of the first two months is based on anticipated income, the county agency must base the initial assistance payment amount on the information available at the time the initial assistance payment is made.

(c) The county agency must determine the assistance payment amount for the first two months of MFIP eligibility by budgeting both recurring and nonrecurring income for those two months.

Subd. 2. **Retrospective budgeting.** The county agency must use retrospective budgeting to calculate the monthly assistance payment amount after the payment for the first two months has been made under subdivision 1.

Subd. 3. **Additional uses of retrospective budgeting.** Notwithstanding subdivision 1, the county agency must use retrospective budgeting to calculate the monthly assistance payment amount for the first two months under paragraphs (a) and (b).

(a) The county agency must use retrospective budgeting to determine the amount of the assistance payment in the first two months of MFIP eligibility:

(1) when an assistance unit applies for assistance for the same month for which assistance has been interrupted, the interruption in eligibility is less than one payment month, the assistance payment for the preceding month was issued in this state, and the assistance payment for the immediately preceding month was determined retrospectively; or

(2) when a person applies in order to be added to an assistance unit, that assistance unit has received assistance in this state for at least the two preceding months, and that person has been living with and has been financially responsible for one or more members of that assistance unit for at least the two preceding months.

(b) Except as provided in clauses (1) to (4), the county agency must use retrospective budgeting and apply income received in the budget month by an assistance unit and by a financially responsible household member who is not included in the assistance unit against the MFIP standard of need or family wage level to determine the assistance payment to be issued for the payment month.

(1) When a source of income ends prior to the third payment month, that income is not considered in calculating the assistance payment for that month. When a source of income ends prior to the fourth payment month, that income is not considered when determining the assistance payment for that month.

(2) When a member of an assistance unit or a financially responsible household member leaves the household of the assistance unit, the income of that departed household member is not budgeted retrospectively for any full payment month in which that household member does not live with that household and is not included in the assistance unit.

(3) When an individual is removed from an assistance unit because the individual is no longer a minor child, the income of that individual is not budgeted retrospectively for payment months in which that individual is not a member of the assistance unit, except that income of an ineligible child in the household must continue to be budgeted retrospectively against the child's needs when the parent or parents of that child request allocation of their income against any unmet needs of that ineligible child.

(4) When a person ceases to have financial responsibility for one or more members of an assistance unit, the income of that person is not budgeted retrospectively for the payment months which follow the month in which financial responsibility ends.

Subd. 4. **Significant change in gross income.** The county agency must recalculate the assistance payment when an assistance unit experiences a significant change, as defined in section 256J.08, resulting in a reduction in the gross income received in the payment month from the gross income received in the budget month. The county agency must issue a supplemental assistance payment based on the county agency's best estimate of the assistance unit's income and circumstances for the payment month. Supplemental assistance payments that result from significant changes are limited to two in a 12-month period regardless of the reason for the change. Notwithstanding any other statute or rule of law, supplementary assistance payments shall not be made when the significant change in income is the result of receipt of a lump sum, receipt of an extra paycheck, business fluctuation in self-employment income, or an assistance unit member's participation in a strike or other labor action.

256J.37 TREATMENT OF INCOME AND LUMP SUMS.

Subd. 10. **Treatment of lump sums.** (a) The agency must treat lump-sum payments as earned or unearned income. If the lump-sum payment is included in the category of income identified in subdivision 9, it must be treated as unearned income. A lump sum is counted as income in the month received and budgeted either prospectively or retrospectively depending on the budget cycle at the time of receipt. When an individual receives a lump-sum payment, that lump sum must be combined with all other earned and unearned income received in the same budget month, and it must be applied according to paragraphs (a) to (c). A lump sum may not be carried over into subsequent months. Any funds that remain in the third month after the month of receipt are counted in the asset limit.

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(b) For a lump sum received by an applicant during the first two months, prospective budgeting is used to determine the payment and the lump sum must be combined with other earned or unearned income received and budgeted in that prospective month.

(c) For a lump sum received by a participant after the first two months of MFIP eligibility, the lump sum must be combined with other income received in that budget month, and the combined amount must be applied retrospectively against the applicable payment month.

(d) When a lump sum, combined with other income under paragraphs (b) and (c), is less than the MFIP transitional standard for the appropriate payment month, the assistance payment must be reduced according to the amount of the countable income. When the countable income is greater than the MFIP standard or family wage level, the assistance payment must be suspended for the payment month.