

1.1 A bill for an act

1.2 relating to commerce; prohibiting certain claims processing practices by
1.3 third-party administrators of health coverage plans; regulating health claims
1.4 clearinghouses; permitting a deceased professional's surviving spouse to retain
1.5 ownership of a professional firm that was solely owned by the decedent for up to
1.6 one year after the death; amending Minnesota Statutes 2008, sections 60A.23,
1.7 subdivision 8; 62J.536, subdivision 2b; 319B.02, by adding a subdivision;
1.8 319B.07, subdivision 1; 319B.08; 319B.09, subdivision 1; proposing coding for
1.9 new law in Minnesota Statutes, chapter 62Q.

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

1.11 Section 1. Minnesota Statutes 2008, section 60A.23, subdivision 8, is amended to read:

1.12 Subd. 8. **Self-insurance or insurance plan administrators who are vendors**
1.13 **of risk management services.** (1) **Scope.** This subdivision applies to any vendor of
1.14 risk management services and to any entity which administers, for compensation, a
1.15 self-insurance or insurance plan. This subdivision does not apply (a) to an insurance
1.16 company authorized to transact insurance in this state, as defined by section 60A.06,
1.17 subdivision 1, clauses (4) and (5); (b) to a service plan corporation, as defined by section
1.18 62C.02, subdivision 6; (c) to a health maintenance organization, as defined by section
1.19 62D.02, subdivision 4; (d) to an employer directly operating a self-insurance plan for
1.20 its employees' benefits; (e) to an entity which administers a program of health benefits
1.21 established pursuant to a collective bargaining agreement between an employer, or group
1.22 or association of employers, and a union or unions; or (f) to an entity which administers a
1.23 self-insurance or insurance plan if a licensed Minnesota insurer is providing insurance
1.24 to the plan and if the licensed insurer has appointed the entity administering the plan as
1.25 one of its licensed agents within this state.

2.1 (2) **Definitions.** For purposes of this subdivision the following terms have the
2.2 meanings given them.

2.3 (a) "Administering a self-insurance or insurance plan" means (i) processing,
2.4 reviewing or paying claims, (ii) establishing or operating funds and accounts, or (iii)
2.5 otherwise providing necessary administrative services in connection with the operation of
2.6 a self-insurance or insurance plan.

2.7 (b) "Employer" means an employer, as defined by section 62E.02, subdivision 2.

2.8 (c) "Entity" means any association, corporation, partnership, sole proprietorship,
2.9 trust, or other business entity engaged in or transacting business in this state.

2.10 (d) "Self-insurance or insurance plan" means a plan providing life, medical or
2.11 hospital care, accident, sickness or disability insurance for the benefit of employees or
2.12 members of an association, or a plan providing liability coverage for any other risk or
2.13 hazard, which is or is not directly insured or provided by a licensed insurer, service plan
2.14 corporation, or health maintenance organization.

2.15 (e) "Vendor of risk management services" means an entity providing for
2.16 compensation actuarial, financial management, accounting, legal or other services for the
2.17 purpose of designing and establishing a self-insurance or insurance plan for an employer.

2.18 (3) **License.** No vendor of risk management services or entity administering a
2.19 self-insurance or insurance plan may transact this business in this state unless it is licensed
2.20 to do so by the commissioner. An applicant for a license shall state in writing the type of
2.21 activities it seeks authorization to engage in and the type of services it seeks authorization
2.22 to provide. The license may be granted only when the commissioner is satisfied that the
2.23 entity possesses the necessary organization, background, expertise, and financial integrity
2.24 to supply the services sought to be offered. The commissioner may issue a license subject
2.25 to restrictions or limitations upon the authorization, including the type of services which
2.26 may be supplied or the activities which may be engaged in. The license fee is \$1,500
2.27 for the initial application and \$1,500 for each three-year renewal. All licenses are for
2.28 a period of three years.

2.29 (4) **Regulatory restrictions; powers of the commissioner.** To assure that
2.30 self-insurance or insurance plans are financially solvent, are administered in a fair and
2.31 equitable fashion, and are processing claims and paying benefits in a prompt, fair,
2.32 and honest manner, vendors of risk management services and entities administering
2.33 insurance or self-insurance plans are subject to the supervision and examination by the
2.34 commissioner. Vendors of risk management services, entities administering insurance or
2.35 self-insurance plans, and insurance or self-insurance plans established or operated by
2.36 them are subject to the trade practice requirements of sections 72A.19 to 72A.30. In lieu

3.1 of an unlimited guarantee from a parent corporation for a vendor of risk management
3.2 services or an entity administering insurance or self-insurance plans, the commissioner
3.3 may accept a surety bond in a form satisfactory to the commissioner in an amount equal to
3.4 120 percent of the total amount of claims handled by the applicant in the prior year. If at
3.5 any time the total amount of claims handled during a year exceeds the amount upon which
3.6 the bond was calculated, the administrator shall immediately notify the commissioner.
3.7 The commissioner may require that the bond be increased accordingly.

3.8 No contract entered into after July 1, 2001, between a licensed vendor of risk
3.9 management services and a group authorized to self-insure for workers' compensation
3.10 liabilities under section 79A.03, subdivision 6, may take effect until it has been filed
3.11 with the commissioner, and either (1) the commissioner has approved it or (2) 60 days
3.12 have elapsed and the commissioner has not disapproved it as misleading or violative of
3.13 public policy.

3.14 **(5) Rulemaking authority.** To carry out the purposes of this subdivision, the
3.15 commissioner may adopt rules pursuant to sections 14.001 to 14.69. These rules may:

3.16 (a) establish reporting requirements for administrators of insurance or self-insurance
3.17 plans;

3.18 (b) establish standards and guidelines to assure the adequacy of financing, reinsuring,
3.19 and administration of insurance or self-insurance plans;

3.20 (c) establish bonding requirements or other provisions assuring the financial integrity
3.21 of entities administering insurance or self-insurance plans; or

3.22 (d) establish other reasonable requirements to further the purposes of this
3.23 subdivision.

3.24 **(6) Claims processing practices.** No entity administering a self-insurance or
3.25 insurance plan shall:

3.26 (a) require a patient to pay for care provided by an in-network provider an amount
3.27 that exceeds the fee negotiated between the entity and that provider for the covered service
3.28 provided;

3.29 (b) attempt to recoup from the provider a payment owed to the provider by the
3.30 patient for deductibles, co-pays, coinsurance, or other enrollee cost-sharing required under
3.31 the plan, unless the administrator has confirmed with the provider that the patient has
3.32 paid the cost-sharing amounts in full; or

3.33 (c) limit the time period for a provider to submit a claim, which may not be less
3.34 than 90 days through contract except when otherwise required by state or federal law or
3.35 regulation, unless the health care provider knew or was informed of the correct name and
3.36 address of the responsible health plan company or third-party administrator. For purposes

4.1 of this paragraph, presentation of the health coverage identification card by the patient is
4.2 deemed sufficient notification of the correct information.

4.3 EFFECTIVE DATE. Paragraph 6, clause (c) is effective August 1, 2009, and
4.4 applies to patient care provided on or after that date. Paragraph 6, clauses (a) and (b), are
4.5 effective the day following final enactment.

4.6 Sec. 2. Minnesota Statutes 2008, section 62J.536, subdivision 2b, is amended to read:

4.7 Subd. 2b. **Compliance and investigations.** (a) The commissioner of health shall, to
4.8 the extent practicable, seek the cooperation of health care providers and group purchasers
4.9 in obtaining compliance with this section and may provide technical assistance to health
4.10 care providers and group purchasers.

4.11 (b) A person who believes a health care provider or group purchaser is not complying
4.12 with the requirements of this section may file a complaint with the commissioner of health.

4.13 Complaints filed under this section must meet the following requirements:

4.14 (1) A complaint must be filed in writing, either on paper or electronically.

4.15 (2) A complaint must name the person that is the subject of the complaint and
4.16 describe the acts or omissions believed to be in violation of this section.

4.17 (3) A complaint must be filed within 180 days of when the complainant knew or
4.18 should have known that the act or omission complained of occurred.

4.19 (4) The commissioner may prescribe additional procedures for the filing of
4.20 complaints as required to satisfy the requirements of this section.

4.21 (c) The commissioner of health may investigate complaints filed under this section.
4.22 The investigation may include a review of the pertinent policies, procedures, or practices
4.23 of the health care provider or group purchaser and of the circumstances regarding any
4.24 alleged violation. At the time of initial written communication with the health care
4.25 provider or group purchaser about the complaint, the commissioner of health shall
4.26 describe the acts or omissions that are the basis of the complaint. The commissioner
4.27 may conduct compliance reviews to determine whether health care providers and group
4.28 purchasers are complying with this section.

4.29 (d) Health care providers and group purchasers must cooperate with the
4.30 commissioner of health if the commissioner undertakes an investigation or compliance
4.31 review of the policies, procedures, or practices of the health care provider or group
4.32 purchaser to determine compliance with this section. This cooperation includes, but is
4.33 not limited to:

4.34 (1) A health care provider or group purchaser must permit access by the
4.35 commissioner of health during normal business hours to its facilities, books, records,

5.1 accounts, and other sources of information that are pertinent to ascertaining compliance
5.2 with this section.

5.3 (2) If any information required of a health care provider or group purchaser under
5.4 this section is in the exclusive possession of any other agency, institution, or person and
5.5 the other agency, institution, or person fails or refuses to furnish the information, the
5.6 health care provider or group purchaser must so certify and set forth what efforts it has
5.7 made to obtain the information.

5.8 (3) Any individually identifiable health information obtained by the commissioner
5.9 of health in connection with an investigation or compliance review under this section
5.10 may not be used or disclosed by the commissioner of health, except as necessary for
5.11 ascertaining or enforcing compliance with this section.

5.12 (e) If an investigation of a complaint indicates noncompliance, the commissioner
5.13 of health shall attempt to reach a resolution of the matter by informal means. Informal
5.14 means may include demonstrated compliance or a completed corrective action plan or
5.15 other agreement. If the matter is resolved by informal means, the commissioner of health
5.16 shall so inform the health care provider or group purchaser and, if the matter arose from a
5.17 complaint, the complainant, in writing. If the matter is not resolved by informal means,
5.18 the commissioner of health shall:

5.19 (1) inform the health care provider or group purchaser and provide an opportunity
5.20 for the health care provider or group purchaser to submit written evidence of any
5.21 mitigating factors or other considerations. The health care provider or group purchaser
5.22 must submit any such evidence to the commissioner of health within 30 calendar days
5.23 of receipt of the notification; and

5.24 (2) inform the health care provider or group purchaser, through a notice of proposed
5.25 determination according to paragraph (i), that the commissioner of health finds that a
5.26 civil money penalty should be imposed.

5.27 (f) If, after an investigation or a compliance review, the commissioner of health
5.28 determines that further action is not warranted, the commissioner of health shall so inform
5.29 the health care provider or group purchaser and, if the matter arose from a complaint, the
5.30 complainant, in writing.

5.31 (g) A health care provider or group purchaser may not threaten, intimidate, coerce,
5.32 harass, discriminate against, or take any other retaliatory action against any individual
5.33 or other person for:

5.34 (1) filing of a complaint under this section;

5.35 (2) testifying, assisting, or participating in an investigation, compliance review,
5.36 proceeding, or contested case proceeding under this section; or

6.1 (3) opposing any act or practice made unlawful by this section, provided the
6.2 individual or person has a good faith belief that the practice opposed is unlawful, and
6.3 the manner of opposition is reasonable and does not involve an unauthorized disclosure
6.4 of a patient's health information.

6.5 (h) The commissioner of health may impose a civil money penalty on a health care
6.6 provider or group purchaser if the commissioner of health determines that the health
6.7 care provider or group purchaser has violated this section. If the commissioner of health
6.8 determines that more than one health care provider or group purchaser was responsible
6.9 for a violation, the commissioner of health may impose a civil money penalty against
6.10 each health care provider or group purchaser. The amount of a civil money penalty shall
6.11 be determined as follows:

6.12 (1) The amount of a civil money penalty shall be up to \$100 for each violation, but
6.13 not exceed \$25,000 for identical violations during a calendar year.

6.14 (2) In the case of continuing violation of this section, a separate violation occurs each
6.15 business day that the health care provider or group purchaser is in violation of this section.

6.16 (3) In determining the amount of any civil money penalty, the commissioner of health
6.17 may consider as aggravating or mitigating factors, as appropriate, any of the following:

6.18 (i) the nature of the violation, in light of the purpose of the goals of this section;

6.19 (ii) the time period during which the violation occurred;

6.20 (iii) whether the violation hindered or facilitated an individual's ability to obtain
6.21 health care;

6.22 (iv) whether the violation resulted in financial harm;

6.23 (v) whether the violation was intentional;

6.24 (vi) whether the violation was beyond the direct control of the health care provider
6.25 or group purchaser;

6.26 (vii) any history of prior compliance with the provisions of this section, including
6.27 violations;

6.28 (viii) whether and to what extent the provider or group purchaser has attempted to
6.29 correct previous violations;

6.30 (ix) how the health care provider or group purchaser has responded to technical
6.31 assistance from the commissioner of health provided in the context of a compliance
6.32 effort; or

6.33 (x) the financial condition of the health care provider or group purchaser including,
6.34 but not limited to, whether the health care provider or group purchaser had financial
6.35 difficulties that affected its ability to comply or whether the imposition of a civil money

7.1 penalty would jeopardize the ability of the health care provider or group purchaser to
7.2 continue to provide, or to pay for, health care.

7.3 (i) If a penalty is proposed according to this section, the commissioner of health
7.4 must deliver, or send by certified mail with return receipt requested, to the respondent
7.5 written notice of the commissioner of health's intent to impose a penalty. This notice
7.6 of proposed determination must include:

7.7 (1) a reference to the statutory basis for the penalty;

7.8 (2) a description of the findings of fact regarding the violations with respect to
7.9 which the penalty is proposed;

7.10 (3) the amount of the proposed penalty;

7.11 (4) any circumstances described in paragraph (i) that were considered in determining
7.12 the amount of the proposed penalty;

7.13 (5) instructions for responding to the notice, including a statement of the respondent's
7.14 right to a contested case proceeding and a statement that failure to request a contested case
7.15 proceeding within 30 calendar days permits the imposition of the proposed penalty; and

7.16 (6) the address to which the contested case proceeding request must be sent.

7.17 (j) A health care provider or group purchaser may contest whether the finding of
7.18 facts constitute a violation of this section, according to a contested case proceeding as set
7.19 forth in sections 14.57 to 14.62, subject to appeal according to sections 14.63 to 14.68.

7.20 (k) Any data collected by the commissioner of health as part of an active
7.21 investigation or active compliance review under this section are classified as protected
7.22 nonpublic data pursuant to section 13.02, subdivision 13, in the case of data not on
7.23 individuals and confidential pursuant to section 13.02, subdivision 3, in the case of data
7.24 on individuals. Data describing the final disposition of an investigation or compliance
7.25 review are classified as public.

7.26 (l) Civil money penalties imposed and collected under this subdivision shall be
7.27 deposited into a revolving fund and are appropriated to the commissioner of health for the
7.28 purposes of this subdivision, including the provision of technical assistance.

7.29 (m) Transactions by group purchasers that are not covered under United States
7.30 Code, title 42, sections 1320d to 1320d-8, involving any claim subject to section 62Q.75,
7.31 subdivision 3; 65B.54; 72A.20; 72A.201; or 176.194, subdivision 3, clause (3), shall not
7.32 be found in violation of this section unless the commissioner establishes that the rules
7.33 promulgated pursuant to subdivision 2 accommodate the requirements of the above-listed
7.34 sections and provide specific guidance regarding processing of transactions by a group
7.35 purchaser with respect to a transaction involving such a claim under the constraints of
7.36 the above-listed sections. No transaction shall be alleged to be in violation of this section

8.1 if the group purchaser is acting reasonably to comply with section 62Q.75, subdivision
8.2 3; 65B.54; 72A.20; 72A.201; or 176.194, subdivision 3, clause (3), in processing such
8.3 a transaction.

8.4 Sec. 3. **[62Q.7375] HEALTH CARE CLEARINGHOUSES.**

8.5 Subdivision 1. **Definition.** For the purposes of this section, "health care
8.6 clearinghouse" or "clearinghouse" means a public or private entity, including a billing
8.7 service, repricing company, community health management information system or
8.8 community health information system, and "value-added" networks and switches, that
8.9 does either of the following functions:

8.10 (1) processes or facilitates the processing of health information received from
8.11 another entity in a nonstandard format or containing nonstandard data content into
8.12 standard data elements or a standard transaction; or

8.13 (2) receives a standard transaction from another entity and processes or facilitates
8.14 the processing of health information into nonstandard format or nonstandard data content
8.15 for the receiving entity.

8.16 Subd. 2. **Claims submission deadlines and careful handling.** (a) A health plan or
8.17 third-party administrator must not have or enforce a deadline for submission of claims
8.18 that is shorter than the period provided in section 60A.23, subdivision 8, paragraph (6),
8.19 clause (c).

8.20 (b) A claim submitted to a health plan or third-party administrator through a health
8.21 care clearinghouse or clearinghouse within the time permitted under paragraph (a) must be
8.22 treated as timely by the health plan or third-party administrator. This paragraph does not
8.23 apply if the provider submitted the claim to a clearinghouse that does not have the ability
8.24 or authority to transmit the claim to the relevant health plan company.

8.25 **EFFECTIVE DATE.** This section is effective August 1, 2009, and applies to claims
8.26 transmitted to a clearinghouse on or after that date.

8.27 Sec. 4. Minnesota Statutes 2008, section 319B.02, is amended by adding a subdivision
8.28 to read:

8.29 Subd. 21a. **Surviving spouse.** "Surviving spouse" means a surviving spouse of a
8.30 deceased professional as an individual, as the personal representative of the estate of the
8.31 decedent, as the trustee of an inter vivos or testamentary trust created by the decedent, or
8.32 as the sole heir or beneficiary of an estate or trust of which the personal representative or
8.33 trustee is a bank or other institution that has trust powers.

9.1 EFFECTIVE DATE. This section is effective the day following final enactment
9.2 and applies to surviving spouses of professionals who die on or after that date.

9.3 Sec. 5. Minnesota Statutes 2008, section 319B.07, subdivision 1, is amended to read:

9.4 Subdivision 1. **Ownership of interests restricted.** Ownership interests in a
9.5 professional firm may not be owned or held, either directly or indirectly, except by any of
9.6 the following:

9.7 (1) professionals who, with respect to at least one category of the pertinent
9.8 professional services, are licensed and not disqualified;

9.9 (2) general partnerships, other than limited liability partnerships, authorized to
9.10 furnish at least one category of the professional firm's pertinent professional services;

9.11 (3) other professional firms authorized to furnish at least one category of the
9.12 professional firm's pertinent professional services;

9.13 (4) a voting trust established with respect to some or all of the ownership interests
9.14 in the professional firm, if (i) the professional firm's generally applicable governing law
9.15 permits the establishment of voting trusts, and (ii) all the voting trustees and all the holders
9.16 of beneficial interests in the trust are professionals licensed to furnish at least one category
9.17 of the pertinent professional services; ~~and~~

9.18 (5) an employee stock ownership plan as defined in section 4975(e)(7) of the
9.19 Internal Revenue Code of 1986, as amended, if (i) all the voting trustees of the plan are
9.20 professionals licensed to furnish at least one category of the pertinent professional services,
9.21 and (ii) the ownership interests are not directly issued to anyone other than professionals
9.22 licensed to furnish at least one category of the pertinent professional services; and

9.23 (6) sole ownership by a surviving spouse of a deceased professional who was the
9.24 sole owner of the professional firm at the time of the professional's death, but only during
9.25 the period of time ending one year after the death of the professional.

9.26 EFFECTIVE DATE. This section is effective the day following final enactment
9.27 and applies to surviving spouses of professionals who die on or after that date.

9.28 Sec. 6. Minnesota Statutes 2008, section 319B.08, is amended to read:

9.29 **319B.08 EFFECT OF DEATH OR DISQUALIFICATION OF OWNER.**

9.30 Subdivision 1. **Acquisition of interests or automatic loss of professional**
9.31 **firm status.** (a) If an owner dies or becomes disqualified to practice all the pertinent
9.32 professional services, then either:

10.1 (1) within 90 days after the death or the beginning of the disqualification, all of
10.2 that owner's ownership interest must be acquired by the professional firm, by persons
10.3 permitted by section 319B.07 to own the ownership interest, or by some combination; or

10.4 (2) at the end of the 90-day period, the firm's election under section 319B.03,
10.5 subdivision 2, or 319B.04, subdivision 2, is automatically rescinded, the firm loses
10.6 its status as a professional firm, and the authority created by that election and status
10.7 terminates.

10.8 An acquisition satisfies clause (1) if all right and title to the deceased or disqualified
10.9 owner's interest are acquired before the end of the 90-day period, even if some or all of
10.10 the consideration is paid after the end of the 90-day period. However, payment cannot be
10.11 secured in any way that violates sections 319B.01 to 319B.12.

10.12 (b) If automatic rescission does occur under paragraph (a), the firm must immediately
10.13 and accordingly update its organizational document, certificate of authority, or statement
10.14 of foreign qualification. Even without that updating, however, the rescission, loss of
10.15 status, and termination of authority provided by paragraph (a) occur automatically at the
10.16 end of the 90-day period.

10.17 **Subd. 2. Terms of acquisition.** (a) If:

10.18 (1) an owner dies or becomes disqualified to practice all the pertinent professional
10.19 services;

10.20 (2) the professional firm has in effect a mechanism, valid according to the
10.21 professional firm's generally applicable governing law, to effect a purchase of the deceased
10.22 or disqualified owner's ownership interest so as to satisfy subdivision 1, paragraph (a),
10.23 clause (1); and

10.24 (3) the professional firm does not agree with the disqualified owner or the
10.25 representative of the deceased owner to set aside the mechanism,
10.26 then that mechanism applies.

10.27 (b) If:

10.28 (1) an owner dies or becomes disqualified to practice all the pertinent professional
10.29 services;

10.30 (2) the professional firm has in effect no mechanism as described in paragraph (a), or
10.31 has agreed as mentioned in paragraph (a), clause (3), to set aside that mechanism; and

10.32 (3) consistent with its generally applicable governing law, the professional firm
10.33 agrees with the disqualified owner or the representative of the deceased owner, before
10.34 the end of the 90-day period, to an arrangement to effect a purchase of the deceased
10.35 or disqualified owner's ownership interest so as to satisfy subdivision 1, paragraph (a),
10.36 clause (1),

11.1 then that arrangement applies.

11.2 (c) If:

11.3 (1) an owner of a Minnesota professional firm dies or becomes disqualified to
11.4 practice all the pertinent professional services;

11.5 (2) the Minnesota professional firm does not have in effect a mechanism as described
11.6 in paragraph (a);

11.7 (3) the Minnesota professional firm does not make an arrangement as described in
11.8 paragraph (b); and

11.9 (4) no provision or tenet of the Minnesota professional firm's generally applicable
11.10 governing law and no provision of any document or agreement authorized by the
11.11 Minnesota professional firm's generally applicable governing law expressly precludes an
11.12 acquisition under this paragraph,

11.13 then the firm may acquire the deceased or disqualified owner's ownership interest as
11.14 stated in this paragraph. To act under this paragraph, the Minnesota professional firm
11.15 must within 90 days after the death or beginning of the disqualification tender to the
11.16 representative of the deceased owner's estate or to the disqualified owner the fair value
11.17 of the owner's ownership interest, as determined by the Minnesota professional firm's
11.18 governance authority. That price must be at least the book value, as determined in
11.19 accordance with the Minnesota professional firm's regular method of accounting, as of the
11.20 end of the month immediately preceding the death or loss of license. The tender must be
11.21 unconditional and may not attempt to have the recipient waive any rights provided in this
11.22 section. If the Minnesota professional firm tenders a price under this paragraph within
11.23 the 90-day period, the deceased or disqualified owner's ownership interest immediately
11.24 transfers to the Minnesota professional firm regardless of any dispute as to the fairness
11.25 of the price. A disqualified owner or representative of the deceased owner's estate who
11.26 disputes the fairness of the tendered price may take the tendered price and bring suit
11.27 in district court seeking additional payment. The suit must be commenced within one
11.28 year after the payment is tendered. A Minnesota professional firm may agree with a
11.29 disqualified owner or the representative of a deceased owner's estate to delay all or part
11.30 of the payment due under this paragraph, but all right and title to the owner's ownership
11.31 interests must be acquired before the end of the 90-day period and payment may not be
11.32 secured in any way that violates sections 319B.01 to 319B.12.

11.33 **Subd. 3. Expiration of firm-issued option on death or disqualification of holder.**

11.34 If the holder of an option issued under section 319B.07, subdivision 3, paragraph (a),
11.35 clause (1), dies or becomes disqualified, the option automatically expires.

12.1 Subd. 4. **One-year period for surviving spouse of sole owner.** For purposes
12.2 of this section, each mention of "90 days," "90-day period," or similar term shall be
12.3 interpreted as one year after the death of a professional who was the sole owner of the
12.4 professional firm if the surviving spouse of the deceased professional owns and controls
12.5 the firm after the death.

12.6 **EFFECTIVE DATE.** This section is effective the day following final enactment
12.7 and applies to surviving spouses of professionals who die on or after that date.

12.8 Sec. 7. Minnesota Statutes 2008, section 319B.09, subdivision 1, is amended to read:

12.9 Subdivision 1. **Governance authority.** (a) Except as stated in paragraph (b), a
12.10 professional firm's governance authority must rest with:

12.11 (1) one or more professionals, each of whom is licensed to furnish at least one
12.12 category of the pertinent professional services; or

12.13 (2) a surviving spouse of a deceased professional who was the sole owner of the
12.14 professional firm, while the surviving spouse owns and controls the firm, but only during
12.15 the period of time ending one year after the death of the professional.

12.16 (b) In a Minnesota professional firm organized under chapter 317A and in a foreign
12.17 professional firm organized under the nonprofit corporation statute of another state, at least
12.18 one individual possessing governance authority must be a professional licensed to furnish
12.19 at least one category of the pertinent professional services.

12.20 (c) Individuals who possess governance authority within a professional firm may
12.21 delegate administrative and operational matters to others. No decision entailing the
12.22 exercise of professional judgment may be delegated or assigned to anyone who is not a
12.23 professional licensed to practice the professional services involved in the decision.

12.24 (d) An individual whose license to practice any pertinent professional services is
12.25 revoked or suspended may not, during the time the revocation or suspension is in effect,
12.26 possess or exercise governance authority, hold a position with governance authority,
12.27 or take part in any decision or other action constituting an exercise of governance
12.28 authority. Nothing in this chapter prevents a board from further terminating, restricting,
12.29 limiting, qualifying, or imposing conditions on an individual's governance role as board
12.30 disciplinary action.

12.31 (e) A professional firm owned and controlled by a surviving spouse must comply
12.32 with all requirements of this chapter, except those clearly inapplicable to a firm owned
12.33 and governed by a surviving spouse who is not a professional of the same type as the
12.34 surviving spouse's decedent.

- 13.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
- 13.2 and applies to surviving spouses of professionals who die on or after that date.