

SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION

S.F. No. 4473

(SENATE AUTHORS: FRENTZ)

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OFFICIAL STATUS  
Introduction and first reading  
Referred to Human Services Reform Finance and Policy

1.1 A bill for an act  
1.2 relating to human services; modifying adult mental health services funding  
1.3 structures; appropriating money; amending Minnesota Statutes 2020, section  
1.4 245.4661, as amended.

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

1.6 Section 1. Minnesota Statutes 2020, section 245.4661, as amended by Laws 2021, chapter  
1.7 30, article 17, section 21, is amended to read:

1.8 **245.4661 PILOT PROJECTS; ADULT MENTAL HEALTH INITIATIVE**  
1.9 **SERVICES.**

1.10 Subdivision 1. ~~Authorization for pilot projects~~ **Adult mental health initiative**  
1.11 **services.** ~~The commissioner of human services may approve pilot projects to provide~~  
1.12 ~~alternatives to or enhance coordination of~~ **Each county board must provide or contract for**  
1.13 **sufficient infrastructure for the delivery of mental health services required under the**  
1.14 ~~Minnesota Comprehensive Adult Mental Health Act, sections 245.461 to 245.486~~ **for adults**  
1.15 **in the county with serious and persistent mental illness through adult mental health initiatives.**  
1.16 **A client may be required to pay a fee for services pursuant to section 245.481. Adult mental**  
1.17 **health initiatives must be designed to improve the ability of adults with serious and persistent**  
1.18 **mental illness to receive services.**

1.19 Subd. 2. **Program design and implementation.** ~~The pilot projects~~ **Adult mental health**  
1.20 **initiatives shall be established to design, plan, and improve the responsible for designing,**  
1.21 **planning, improving, and maintaining a mental health service delivery system for adults**  
1.22 **with serious and persistent mental illness that would:**

2.1 (1) provide an expanded array of services from which clients can choose services  
2.2 appropriate to their needs;

2.3 (2) be based on purchasing strategies that improve access and coordinate services without  
2.4 cost shifting;

2.5 (3) incorporate existing state facilities and resources into the community mental health  
2.6 infrastructure through creative partnerships with local vendors; and

2.7 (4) utilize existing categorical funding streams and reimbursement sources in combined  
2.8 and creative ways, except appropriations to regional treatment centers and all funds that are  
2.9 attributable to the operation of state-operated services are excluded unless appropriated  
2.10 specifically by the legislature for a purpose consistent with this section or section 246.0136,  
2.11 subdivision 1.

2.12 Subd. 3. **Program Adult mental health initiative evaluation.** Evaluation of each ~~project~~  
2.13 adult mental health initiative will be based on outcome evaluation criteria negotiated with  
2.14 each ~~project~~ county or region prior to implementation.

2.15 Subd. 4. **Notice of project adult mental health initiative discontinuation.** Each ~~project~~  
2.16 adult mental health initiative may be discontinued for any reason by the ~~project's~~ managing  
2.17 entity or the commissioner of human services, after 90 days' written notice to the other  
2.18 party.

2.19 Subd. 5. **Planning for ~~pilot-projects~~ adult mental health initiatives.** (a) Each local  
2.20 plan for a ~~pilot-project~~ adult mental health initiative services, with the exception of the  
2.21 placement of a ~~Minnesota specialty treatment facility as defined in paragraph (c) of intensive~~  
2.22 residential treatment services facilities licensed under chapter 245I, must be developed  
2.23 under the direction of the county board, or multiple county boards acting jointly, as the local  
2.24 mental health authority. The planning process for each ~~pilot~~ adult mental health initiative  
2.25 shall include, but not be limited to, mental health consumers, families, advocates, local  
2.26 mental health advisory councils, local and state providers, representatives of state and local  
2.27 public employee bargaining units, and the department of human services. As part of the  
2.28 planning process, the county board or boards shall designate a managing entity responsible  
2.29 for receipt of funds and management of the ~~pilot-project~~ adult mental health initiatives.

2.30 (b) For ~~Minnesota specialty intensive residential treatment services~~ facilities, the  
2.31 commissioner shall issue a request for proposal for regions in which a need has been  
2.32 identified for services.

3.1 (e) ~~For purposes of this section, "Minnesota specialty treatment facility" is defined as~~  
3.2 ~~an intensive residential treatment service licensed under chapter 245I.~~

3.3 Subd. 6. **Duties of commissioner.** (a) For purposes of ~~the pilot projects~~ adult mental  
3.4 health initiatives, the commissioner shall facilitate integration of funds or other resources  
3.5 as needed and requested by each ~~project~~ adult mental health initiative. These resources may  
3.6 include:

3.7 (1) community support services funds administered under Minnesota Rules, parts  
3.8 9535.1700 to 9535.1760;

3.9 (2) other mental health special project funds;

3.10 (3) medical assistance, MinnesotaCare, and housing support under chapter 256I if  
3.11 requested by the ~~project's~~ adult mental health initiative's managing entity, and if the  
3.12 commissioner determines this would be consistent with the state's overall health care reform  
3.13 efforts; and

3.14 (4) regional treatment center resources consistent with section 246.0136, subdivision 1.

3.15 (b) The commissioner shall consider the following criteria in awarding start-up and  
3.16 implementation grants for ~~the pilot projects~~ adult mental health initiatives:

3.17 (1) the ability of the proposed ~~projects~~ initiatives to accomplish the objectives described  
3.18 in subdivision 2;

3.19 (2) the size of the target population to be served; and

3.20 (3) geographical distribution.

3.21 (c) The commissioner shall review overall status of the ~~projects~~ initiatives at least every  
3.22 two years and recommend any legislative changes needed by January 15 of each  
3.23 odd-numbered year.

3.24 (d) The commissioner may waive administrative rule requirements which are incompatible  
3.25 with the implementation of the ~~pilot project~~ adult mental health initiative.

3.26 (e) The commissioner may exempt the participating counties from fiscal sanctions for  
3.27 noncompliance with requirements in laws and rules which are incompatible with the  
3.28 implementation of the ~~pilot project~~ adult mental health initiative.

3.29 (f) The commissioner may award grants to an entity designated by a county board or  
3.30 group of county boards to pay for start-up and implementation costs of the ~~pilot project~~  
3.31 adult mental health initiative.

4.1 Subd. 7. **Duties of county board.** The county board, or other entity which is approved  
4.2 to administer a ~~pilot project~~ an adult mental health initiative, shall:

4.3 (1) administer the ~~project~~ initiative in a manner which is consistent with the objectives  
4.4 described in subdivision 2 and the planning process described in subdivision 5;

4.5 (2) assure that no one is denied services for which they would otherwise be eligible; and

4.6 (3) provide the commissioner of human services with timely and pertinent information  
4.7 through the following methods:

4.8 (i) submission of mental health plans and plan amendments which are based on a format  
4.9 and timetable determined by the commissioner;

4.10 (ii) submission of social services expenditure and grant reconciliation reports, based on  
4.11 a coding format to be determined by mutual agreement between the ~~project's~~ initiative's  
4.12 managing entity and the commissioner; and

4.13 (iii) submission of data and participation in an evaluation of the ~~pilot projects~~ adult  
4.14 mental health initiatives, to be designed cooperatively by the commissioner and the ~~projects~~  
4.15 initiatives.

4.16 Subd. 8. **Budget flexibility.** The commissioner may make budget transfers that do not  
4.17 increase the state share of costs to effectively implement the restructuring of adult mental  
4.18 health services.

4.19 Subd. 9. **Services and programs.** (a) The following three distinct grant programs are  
4.20 funded under this section:

4.21 (1) mental health crisis services;

4.22 (2) housing with supports for adults with serious mental illness; and

4.23 (3) projects for assistance in transitioning from homelessness (PATH program).

4.24 (b) In addition, the following are eligible for grant funds:

4.25 (1) community education and prevention;

4.26 (2) client outreach;

4.27 (3) early identification and intervention;

4.28 (4) adult outpatient diagnostic assessment and psychological testing;

4.29 (5) peer support services;

4.30 (6) community support program services (CSP);

- 5.1 (7) adult residential crisis stabilization;
- 5.2 (8) supported employment;
- 5.3 (9) assertive community treatment (ACT);
- 5.4 (10) housing subsidies;
- 5.5 (11) basic living, social skills, and community intervention;
- 5.6 (12) emergency response services;
- 5.7 (13) adult outpatient psychotherapy;
- 5.8 (14) adult outpatient medication management;
- 5.9 (15) adult mobile crisis services;
- 5.10 (16) adult day treatment;
- 5.11 (17) partial hospitalization;
- 5.12 (18) adult residential treatment;
- 5.13 (19) adult mental health targeted case management;
- 5.14 (20) intensive community rehabilitative services (ICRS); and
- 5.15 (21) transportation.

5.16 Subd. 10. **Commissioner duty to report on use of grant funds biennially.** By November  
 5.17 1, 2016, and biennially thereafter, the commissioner of human services shall provide  
 5.18 sufficient information to the members of the legislative committees having jurisdiction over  
 5.19 mental health funding and policy issues to evaluate the use of funds appropriated under this  
 5.20 section of law. The commissioner shall provide, at a minimum, the following information:

5.21 (1) the amount of funding to adult mental health initiatives, what programs and services  
 5.22 were funded in the previous two years, gaps in services that each initiative brought to the  
 5.23 attention of the commissioner, and outcome data for the programs and services that were  
 5.24 funded; and

5.25 (2) the amount of funding for other targeted services and the location of services.

5.26 Subd. 11. **Adult mental health initiative funding.** When implementing the reformed  
 5.27 funding formula to distribute adult mental health initiative funds, the commissioner shall  
 5.28 ensure that no adult mental health initiative region receives less than the amount the region  
 5.29 received in fiscal year 2022 in combined adult mental health initiative funding and Moose  
 5.30 Lake Alternative funding.

6.1 Sec. 2. **APPROPRIATION; ADULT MENTAL HEALTH INITIATIVES.**

6.2 \$..... in fiscal year 2023 is appropriated from the general fund to the commissioner of  
6.3 human services to ensure that, pursuant to Minnesota Statutes, 245.4661, subdivision 11,  
6.4 no adult mental health initiative region receives less money as a result of changes to the  
6.5 adult mental health initiative funding formula.