STATE OF MINNESOTA

SEVENTY-EIGHTH SESSION -- 1993

FORTY-FIRST DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 22, 1993

The House of Representatives convened at 1:30 p.m. and was called to order by Dee Long, Speaker of the House.

Prayer was offered by Father Stephen Ulrick, Church of St. Hubert, Chanhassen, Minnesota.

The roll was called and the following members were present:

Abrams	Dauner	Holsten	Lasley	Neary	Reding	Trimble
Anderson, I.	Davids	Hugoson	Leppik	Nelson	Rest	Tunheim
Anderson, R.	Dawkins	Huntley	Lieder	Ness	Rhodes	Van Dellen
Asch	Dehler	Jacobs	Limmer	Olson, E.	Rice	Vellenga
Battaglia	Delmont	Jaros	Lindner	Olson, K.	Rodosovich	Vickerman
Bauerly	Dempsey	Jefferson	Lourey	Olson, M.	Rukavina	Wagenius
Beard	Dorn	Jennings	Luther	Onnen	Seagren	Waltman
Bergson	Erhardt	Johnson, A.	Lynch	Opatz	Sekhon	Weaver
Bertram	Evans	Johnson, R.	Macklin	Orenstein	Simoneau	Wejcman
Bettermann	Farrell	Johnson, V.	Mahon	Orfield	Skoglund	Welle
Bishop	Frerichs	Kahn	Mariani	Osthoff	Smith	Wenzel
Blatz	Garcia	Kalis	McCollum	Ostrom	Solberg	Winter
Brown, C.	Goodno	Kelley	McGuire	Ozment	Sparby	Wolf
Brown, K.	Greenfield	Kelso	Milbert	Pauly	Stanius	Worke
Carlson	Greiling	Kinkel	Molnau	Pawlenty	Steensma	Workman
Carruthers	Gruenes	Klinzing	Morrison	Pelowski	Sviggum	Spk. Long
Clark	Gutknecht	Knickerbocker	Mosel	Perlt	Swenson	
Commers	Haukoos	Koppendrayer	Munger	Peterson	Tomassoni	
Cooper	Hausman	Krueger	Murphy	Pugh	Tompkins	

A quorum was present.

Girard, Hasskamp and Sarna were excused.

Krinkie was excused until 2:50 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Luther moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 334 and H. F. No. 357, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Pugh moved that the rules be so far suspended that S. F. No. 334 be substituted for H. F. No. 357 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1503 and H. F. No. 1746, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Murphy moved that the rules be so far suspended that S. F. No. 1503 be substituted for H. F. No. 1746 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 21, 1993

The Honorable Dee Long
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Long:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 111, relating to highways; designating the B. E. Grottum memorial highway in Jackson county and the Wally Nelson highway.

H. F. No. 552, relating to real estate; modifying provisions for voluntary foreclosure of mortgages; modifying criminal liability for defeating security on realty.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	*H.F. No.*	*Session Laws Chapter No.*	*Time and Date Approved 1993*	*Date Filed 1993*
186		34	3:40 p.m. April 21	April 21
903		35	3:50 p.m. April 21	April 21
789		36	3:48 p.m. April 21	April 21
605		37	3:46 p.m. April 21	April 21
198		38	3:42 p.m. April 21	April 21
	111	39	3:52 p.m. April 21	April 21
	552	40	3:56 p.m. April 21	April 21

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Health and Human Services to which was referred:

H. F. No. 1025, A bill for an act relating to occupations and professions; regulating athletic trainers; establishing an advisory council; providing for registration; requiring fees; providing for rulemaking; imposing penalties; appropriating money; amending Minnesota Statutes 1992, section 116J.70, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 148.

Reported the same back with the following amendments:

Page 6, line 12, delete "seven" and insert "eight"

Page 6, line 17, delete "and"

Page 6, line 20, before the period insert "; and

(4) one member who is a doctor of chiropractic licensed by the state and has experience with athletic training and sports injuries"

Page 7, after line 1, insert:

"(7) advise the board regarding evaluation and treatment protocols;"

Page 7, line 2, delete "(7)" and insert "(8)"

Page 7, line 4, delete "(8)" and insert "(9)"

Page 7, line 31, delete "licensed medical physician" and insert "person licensed in this state to practice medicine as defined in section 147.081, the practice of chiropractic as defined in section 148.01, the practice of podiatry as defined in section 153.01, or the practice of dentistry as defined in section 150A.05, and whose license is in good standing"

Page 8, line 5, after "physician" insert "or other treating provider"

Page 8, line 15, delete "licensed medical"

Page 8, line 16, delete "physician" and insert "person licensed in this state to practice medicine as defined in section 147.081, the practice of chiropractic as defined in section 148.01, the practice of podiatry as defined in section 153.01, or the practice of dentistry as defined in section 150A.05, and whose license is in good standing and in accordance with established evaluation and treatment protocols"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Health and Human Services to which was referred:

H. F. No. 1412, A bill for an act relating to children; coordinating county social services and school district services for children; expanding the target groups of children that must be served by community social service programs; requiring minimum expenditures by counties on social services for children and a separate children's plan; requiring the county board to collaborate with local school boards and community health boards in developing the children's social service plan; appropriating money; amending Minnesota Statutes 1992, sections 124A.29, subdivision 1; 256E.03, subdivision 2, and by adding a subdivision; 256E.08, subdivisions 1 and 5; and 256E.09; proposing coding for new law in Minnesota Statutes, chapter 124A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT, AND VIOLENCE PREVENTION PARENTAL INVOLVEMENT PROGRAMS.] ~~(a)~~ Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $15 times the number of actual pupil units shall be reserved and may be used only to provide staff time for in-service education for violence prevention programs under section 126.77, subdivision 2, or staff development programs, including outcome-based education, under section 126.70, subdivisions 1 and 2a. The school board shall determine the staff development activities to provide, the manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities.

~~(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to $5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. A district may use up to $1 of the $5 times the number of actual pupil units for promoting parental involvement in the PER process.~~

Sec. 2. [124A.32] [COLLABORATION AID.]

Subdivision 1. [PURPOSE.] The purpose of this section is to provide an incentive for school districts, local social services and health providers, and other community-based groups to work together to transform fragmented, crisis-oriented delivery systems focused on remediation services into flexible, comprehensive, well coordinated and family-oriented delivery systems focused on prevention services.

Subd. 2. [ELIGIBILITY.] To receive collaboration aid under this section, the school district must:

(1) be actively participating in accordance with section 256E.09, subdivision 3a, in discussions and planning of the community social services act plan and the community health services plan with the appropriate county official, community education official, and community-based service groups as defined in section 256E.03, subdivision 1a;

(2) enter into a written agreement with the county board or boards where the school district is located. The agreement must describe the roles of the county and school district in providing prevention, and early intervention and outreach services for children and families which have been developed collaboratively between the county and school districts. A group of counties and school districts may develop a joint collaborative plan under this section. The county shall also include these collaborative activities in the plan developed under section 256E.08. When approved by the county and the school district, the plan developed under section 256E.08 satisfies the requirements of this section for the biennial period covered in the plan; and

(3) match the collaboration aid locally at 50 percent with funds provided by a county, city, school district, community education program, or private donors.

Subd. 3. [AID AMOUNT.] Each year, collaboration aid for an eligible district equals $10 times the district's actual pupil units for that year.

Subd. 4. [AID USES.] Aid received under subdivision 2 may be used for parental involvement programs, career teacher programs, coordination of volunteer services, and programs designed to encourage community involvement. Aid received under subdivision 2 shall be used primarily to serve children between the ages of 14 and 18 who are at least one year behind in obtaining credits for graduating from high school, and children eligible for services under chapter 1 of Public Law 101-305, but is not restricted to such uses.

Before expending collaboration aid, the school district shall develop a list of objectively measurable outcomes to be achieved by the expenditure. The school district shall annually submit the list to the county board in which it is located and to the department of education and report to the department of education and county in which it is located on actual performance of its programs in comparison to the defined outcomes.

Subd. 5. [EVALUATION REPORT.] The commissioner of education shall report to the education committees of the legislature and the legislative committee on children, youth and their families annually by February 15 on the extent to which school districts that receive aid under this section achieved their listed outcomes.

Sec. 3. Minnesota Statutes 1992, section 145A.10, subdivision 5, is amended to read:

Subd. 5. [COMMUNITY HEALTH PLAN.] The community health board must prepare and submit to the commissioner a written plan at times prescribed by the commissioner under section 145A.12, subdivision 3, but no more often than every two years. The community health plan must provide for the assessment of community health status and the integration, development, and provision of community health services that meet the priority needs of the community health service area. The plan must be consistent with the standards and procedures established under section 145A.12, subdivision 3, and must at least include documentation of the following:

(1) a review and assessment of the implementation of the preceding community health plan;

(2) the process used to assess community health status and encourage full community participation in the development of the proposed community health plan;

(3) an identification of personal health services, institutional health services, health-related environmental programs and services, and related human services in the community;

(4) an assessment of community health status, a statement of goals and objectives according to priority, and the reasons for the priority order;

(5) a description of and rationale for the method the community health board plans to use to address each identified community health goal and objective and how each program category defined in section 145A.02 and any agreements entered into under section 145A.07 will be implemented to achieve these goals and objectives;

(6) a description of the ways in which planned community health services defined in section 145A.02 will be coordinated with services and resources identified in clause (2);

(7) the projected annual budgets for expenditure of the subsidy and local match provided for in section 145A.13 and for other sources of funding for the program categories defined in section 145A.02 including a description of the ways this funding is coordinated with funding from other local, state, and federal sources; ~~and~~

(8) assurances that community health services will comply with applicable state and federal laws; and

(9) collaborative efforts with each local school district in the county.

Sec. 4. Minnesota Statutes 1992, section 256E.03, is amended by adding a subdivision to read:

Subd. 1a. [COMMUNITY-BASED SERVICE GROUPS.] Community-based service groups include, but are not limited to, nonprofit corporations, sectarian organizations and voluntary associations which (1) regularly provide services to the populations specified in section 124A.32, subdivision 4 or 256E.03, subdivision 2; and (2) include on their governing boards, citizens of the towns or cities where the services are provided.

Sec. 5. Minnesota Statutes 1992, section 256E.03, is amended by adding a subdivision to read:

Subd. 8. [LOCAL SCHOOL DISTRICTS.] "Local school district" means any school district that lies in whole or in part within the county.

Sec. 6. Minnesota Statutes 1992, section 256E.08, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITIES.] The county board of each county shall be responsible for administration, planning and funding of community social services. Each county board shall singly or in combination with other county boards as provided in section 256E.09 prepare a social services plan and shall update the plan biennially. The county board shall collaborate with the community health boards and with local school districts, as required in sections 145A.10, subdivision 5, and 256E.09, subdivision 3a, in preparing the biennial plan. Upon final approval of the plan by the county board or boards, the plan shall be submitted to the commissioner. The county board shall distribute money available pursuant to sections 256E.06 and 256E.07 for community social services.

The authority and responsibilities of county boards for social services for groups of persons identified in section 256E.03, subdivision 2, shall include contracting for or directly providing:

(1) information about the symptoms and characteristics of specific problems of the identified groups to increase understanding and acceptance by the general public, to help alleviate fears of seeking help, and to enable access to appropriate assistance;

(2) an assessment of the needs of each person applying for assistance which estimates the nature and extent of the problem to be addressed and identifies the means available to meet the person's needs. These diagnostic and evaluation activities shall evaluate the functioning of each person with regard to an illness or disability, screen for placement, and determine the need for services;

(3) protection aimed at alleviating urgent needs of each person by determining urgent need, shielding persons in hazardous conditions when they are unable to care for themselves, and providing urgently needed assistance;

(4) supportive and rehabilitative activities that assist each person to function at the highest level of independence possible for the person, preferably without removing the person from home. These activities include coordinating with local public rehabilitation agencies, local education agencies, and other agencies, both to increase the client's level of functioning and to maintain current levels of functioning;

(5) a means of facilitating access of physically handicapped or impaired persons to activities appropriate to their needs; and

(6) administrative activities to coordinate and facilitate the effective use of formal and informal helping systems to best address client needs and goals. This includes assisting the client in making informed decisions about opportunities and services, assuring timely access to needed assistance, providing opportunities and encouragement for self-help activities, and coordinating all services to meet the client's needs and goals. County case management shall be responsible for determining appropriate care and activities.

A county board may delegate to a county welfare board established under chapter 393 authority to provide or approve contracts for the purchase of the kinds of community social services that were provided or contracted for by the county welfare boards before the enactment of Laws 1979, chapter 324. The county board must determine how citizens will participate in the planning process, give final approval to the community social services plan, and distribute community social services money.

Sec. 7. Minnesota Statutes 1992, section 256E.09, subdivision 2, is amended to read:

Subd. 2. [CITIZEN PARTICIPATION.] The county board shall provide opportunities for participation by citizens in the county, including families with children enrolled in local school districts and representatives of users of services, in the development of the biennial plan and in the allocation of money for community social services. At least 60 days prior to publication of the proposed plan the county board shall publish the methods proposed to achieve citizen participation in the planning process. The county board in connection with collaboration efforts under subdivision 3a shall also provide opportunities for community-based service groups and citizens to participate in providing services.

Sec. 8. Minnesota Statutes 1992, section 256E.09, is amended by adding a subdivision to read:

Subd. 3a. [COLLABORATION WITH LOCAL SCHOOL DISTRICTS.] In preparing the plan required by this section the county board shall collaborate with all of the local school districts in the county to ensure that services will be available for children identified under section 256E.03, subdivision 2. When submitting the plan to the commissioner, the county board shall attach a written agreement entered into with each local school district in the county, under section 124A.32, describing collaborative efforts with school districts.

Sec. 9. [APPROPRIATION.]

$..... in fiscal year 1994 and $..... in fiscal year 1995 is appropriated from the general fund to the commissioner of education for section 2.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective July 1, 1993."

Delete the title and insert:

"A bill for an act relating to children; coordinating county social services and school district services for children; expanding the target groups of children that must be served by community social service programs; requiring minimum expenditures by counties on social services for children and a separate children's plan; requiring the county board to collaborate with local school boards and community health boards in developing the children's social service plan; appropriating money; amending Minnesota Statutes 1992, sections 124A.29, subdivision 1; 145A.10, subdivision 5; 256E.03, by adding subdivisions; 256E.08, subdivision 1; and 256E.09, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 124A."

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

The report was adopted.

Skoglund from the Committee on Judiciary to which was referred:

H. F. No. 1585, A bill for an act relating to crime; imposing penalties for a variety of firearms-related offenses; expanding forfeiture provisions; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; requiring certain counties to establish pretrial diversion programs; revising and increasing penalties for a variety of other criminal laws; clarifying certain provisions for the new felony sentencing system; making technical corrections to sentencing statutes; appropriating money; amending Minnesota Statutes 1992, sections 13.87, subdivision 2; 16B.08, subdivision 7; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 152.021, subdivision 3; 152.022, subdivisions 1 and 3; 152.023, subdivisions 2 and 3; 152.024, subdivision 3; 152.025, subdivision 3; 152.026; 152.0971, subdivisions 1, 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, and by adding a subdivision; 152.0974; 152.18, subdivision 1; 168.346; 169.121, subdivision 3a; 169.222, subdivisions 1 and 6; 169.64, subdivision 3; 169.98, subdivision 1a; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivision 2; 243.166, subdivision 1; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, and 5; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 260.185, subdivisions 1 and 1a; 260.251, subdivision 1; 299A.35, subdivision 2; 299C.46, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.811; 299F.815, subdivision 1; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 471.633; 473.386, by adding a subdivision; 480.30; 485.018, subdivision 5; 518B.01, subdivisions 3, 6, 7, 9, and 14; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.05, subdivision 1; 609.06; 609.101, subdivisions 2, 3, and 4; 609.11; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivision 1; 609.175, subdivision 2, and by adding a subdivision; 609.184, subdivision 2; 609.196; 609.224, subdivision 2; 609.251; 609.341, subdivisions 10, 17, 18, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461; 609.378, subdivision 1; 609.494; 609.495; 609.531, subdivision 1; 609.5314, subdivision 1; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivision 1a, and by adding subdivisions; 609.686; 609.71; 609.713, subdivision 1; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding a subdivision; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.031; 611A.0315; 611A.04, by adding a subdivision; 611A.06, subdivision 1; 624.712, subdivision 5; 624.713; 624.7131, subdivision 10; 624.7132, subdivisions 4 and 8; 624.714, subdivision 1; 626.05, subdivision 2; 626.13; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, article 7, section 13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 121; 152; 174; 242; 244; 401; 609; and 624; repealing Minnesota Statutes 1992, sections 152.0973, subdivision 4; 214.10, subdivisions 4, 5, 6, and 7; 241.25; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.229; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; and 609.795, subdivision 2.

Reported the same back with the following amendments:

Page 3, after line 28, insert:

"Sec. 2. Minnesota Statutes 1992, section 127.03, subdivision 3, is amended to read:

Subd. 3. [IMMUNITY FROM CIVIL LIABILITY.] It is a defense to a civil action for damages against a ~~teacher~~ school official, as defined in section 609.2231, subdivision 5, to prove that the force used by the ~~teacher~~ school official was reasonable, was in the exercise of lawful authority, and was necessary under the circumstances to restrain the pupil or to prevent bodily harm to another.

Sec. 3. [152.0263] [ENHANCED PENALTY.]

A person who possesses a firearm:

(1) in a conveyance device used or intended for use to commit or facilitate the commission of a felony offense involving a controlled substance;

(2) on or in close proximity to a person from whom a felony amount of controlled substance is seized; or

(3) on the premises where a controlled substance is seized and in close proximity to the controlled substance, if possession or sale of the controlled substance would be a felony under chapter 152;

shall, upon conviction for an offense described in sections 152.021 to 152.025, be sentenced to twice the presumptive sentence otherwise provided for the offense under the sentencing guidelines."

Pages 4 to 7, delete section 3

Page 9, line 27, before the period, insert "or section 624.7181"

Page 12, line 11, after "toward" insert "a person," and after "vehicle" insert a comma

Page 13, delete section 11

Page 13, after line 35, insert:

"Sec. 12. Minnesota Statutes 1992, section 609.67, subdivision 1, is amended to read:

Subdivision 1. [~~DEFINITION~~ DEFINITIONS.] (a) "Machine gun" means any firearm designed to discharge, or capable of discharging automatically more than once by a single function of the trigger, or modified with any device enabling the firearm to be fired at the rate of a machine gun.

(b) "Shotgun" means a weapon designed, redesigned, made or remade which is intended to be fired from the shoulder and uses the energy of the explosive in a fixed shotgun shell to fire through a smooth bore either a number of ball shot or a single projectile for each single pull of the trigger.

(c) "Short-barreled shotgun" means a shotgun having one or more barrels less than 18 inches in length and any weapon made from a shotgun if such weapon as modified has an overall length less than 26 inches.

Sec. 13. Minnesota Statutes 1992, section 609.67, subdivision 2, is amended to read:

Subd. 2. [ACTS PROHIBITED.] Except as otherwise provided herein, whoever owns, possesses, or operates a machine gun, any device enabling a firearm to be fired at the rate of a machine gun, or a short-barreled shotgun may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than $10,000, or both."

Page 14, after line 12, insert:

"Sec. 15. Minnesota Statutes 1992, section 624.711, is amended to read:

624.711 [DECLARATION OF POLICY.]

It is not the intent of the legislature to regulate shotguns, rifles and other longguns of the type commonly used for hunting and not defined as pistols or military assault weapons, or to place costs of administration upon those citizens who wish to possess or carry pistols or military assault weapons lawfully, or to confiscate or otherwise restrict the use of pistols or military assault weapons by law-abiding citizens."

Page 14, after line 30, insert:

"Sec. 17. Minnesota Statutes 1992, section 624.712, subdivision 6, is amended to read:

Subd. 6. "Transfer" means a sale, gift, loan, assignment or other delivery to another, whether or not for consideration, of a pistol or military assault weapon or the frame or receiver of a pistol or military assault weapon.

Sec. 18. Minnesota Statutes 1992, section 624.712, is amended by adding a subdivision to read:

Subd. 7. "Military assault weapon" means:

(1) any of the following firearms:

(i) Avtomat Kalashnikov (AK-47) semiautomatic rifle type;

(ii) Beretta AR-70 and BM-59 semiautomatic rifle types;

(iii) Colt AR-15 semiautomatic rifle type;

(iv) Daewoo Max-1 and Max-2 semiautomatic rifle types;

(v) Famas MAS semiautomatic rifle type;

(vi) Fabrique Nationale FN-LAR and FN-FNC semiautomatic rifle types;

(vii) Galil semiautomatic rifle type;

(viii) Heckler & Koch HK-91, HK-93, and HK-94 semiautomatic rifle types;

(ix) Ingram MAC-10 and MAC-11 semiautomatic pistol and carbine types;

(x) Intratec TEC-9 semiautomatic pistol type;

(xi) Sigarms SIG 550SP and SIG 551SP semiautomatic rifle types;

(xii) SKS with detachable magazine semiautomatic rifle type;

(xiii) Steyr AUG semiautomatic rifle type;

(xiv) Street Sweeper and Striker-12 revolving-cylinder shotgun types;

(xv) USAS-12 semiautomatic shotgun type;

(xvi) Uzi semiautomatic pistol and carbine types; or

(xvii) Valmet M76 and M78 semiautomatic rifle types;

(2) any firearm that is another model made by the same manufacturer as one of the firearms listed in clause (1), and has the same action design as one of the listed firearms, and is a redesigned, renamed, or renumbered version of one of the firearms listed in clause (1), or has a slight modification or enhancement, including but not limited to a folding or retractable stock; adjustable sight; case deflector for left-handed shooters; shorter barrel; wooden, plastic, or metal stock; larger clip size; different caliber; or a bayonet mount; and

(3) any firearm that has been manufactured or sold by another company under a licensing agreement with a manufacturer of one of the firearms listed in clause (1) entered into after the effective date of this act to manufacture or sell firearms that are identical or nearly identical to those listed in clause (1), or described in clause (2), regardless of the company of production or country of origin.

The weapons listed in clause (1), except those listed in items (iii), (ix), (x), (xiv), and (xv), are the weapons the importation of which was barred by the Bureau of Alcohol, Tobacco, and Firearms of the United States Department of the Treasury in July 1989.

Except as otherwise specifically provided in paragraph (d), a firearm is not a "military assault weapon" if it is generally recognized as particularly suitable for or readily adaptable to sporting purposes under United States Code, title 18, section 925, paragraph (d)(3), or any regulations adopted pursuant to that law."

Page 14, line 33, after "PISTOLS" insert "OR MILITARY ASSAULT WEAPONS"

Page 14, line 35, after "pistol" insert "or military assault weapon"

Page 15, lines 1 and 10, after "pistol" insert "or military assault weapon"

Page 17, lines 3, 5, 9, and 15, after "pistol" insert "or military assault weapon"

Page 17, lines 20, 25, and 30, after "pistol" insert "or military assault weapon"

Page 18, line 2, after "pistol" insert "or military assault weapon"

Page 18, after line 3, insert:

"Sec. 20. Minnesota Statutes 1992, section 624.7131, subdivision 1, is amended to read:

Subdivision 1. [INFORMATION.] Any person may apply for a ~~pistol~~ transferee permit by providing the following information in writing to the chief of police of an organized full time police department of the municipality in which the person resides or to the county sheriff if there is no such local chief of police:

(a) the name, residence, telephone number and driver's license number or nonqualification certificate number, if any, of the proposed transferee;

(b) the sex, date of birth, height, weight and color of eyes, and distinguishing physical characteristics, if any, of the proposed transferee; and

(c) a statement by the proposed transferee that the proposed transferee is not prohibited by section 624.713 from possessing a pistol or military assault weapon.

The statement shall be signed by the person applying for a permit. At the time of application, the local police authority shall provide the applicant with a dated receipt for the application.

Sec. 21. Minnesota Statutes 1992, section 624.7131, subdivision 4, is amended to read:

Subd. 4. [GROUNDS FOR DISQUALIFICATION.] A determination by the chief of police or sheriff that the applicant is prohibited by section 624.713 from possessing a pistol or military assault weapon shall be the only basis for refusal to grant a transferee permit."

Page 18, line 7, after "pistol" insert "or military assault weapon"

Pages 18 and 19, delete sections 16 and 17 and insert:

"Sec. 23. Minnesota Statutes 1992, section 624.7132, is amended to read:

624.7132 [REPORT OF TRANSFER.]

Subdivision 1. [REQUIRED INFORMATION.] Except as provided in this section and section 624.7131, every person who agrees to transfer a pistol or military assault weapon shall report the following information in writing to the chief of police of the organized full-time police department of the municipality where the agreement is made or to the appropriate county sheriff if there is no such local chief of police:

(a) the name, residence, telephone number and driver's license number or nonqualification certificate number, if any, of the proposed transferee;

(b) the sex, date of birth, height, weight and color of eyes, and distinguishing physical characteristics, if any, of the proposed transferee;

(c) a statement by the proposed transferee that the transferee is not prohibited by section 624.713 from possessing a pistol or military assault weapon; and

(d) the address of the place of business of the transferor.

The report shall be signed by the transferor and the proposed transferee. The report shall be delivered by the transferor to the chief of police or sheriff no later than three days after the date of the agreement to transfer, excluding weekends and legal holidays.

Subd. 2. [INVESTIGATION.] Upon receipt of a transfer report, the chief of police or sheriff shall check criminal histories, records and warrant information relating to the proposed transferee through the Minnesota crime information system.

Subd. 3. [NOTIFICATION.] The chief of police or sheriff shall notify the transferor and proposed transferee in writing as soon as possible if the chief or sheriff determines that the proposed transferee is prohibited by section 624.713 from possessing a pistol or military assault weapon. The notification to the transferee shall specify the grounds for the disqualification of the proposed transferee and shall set forth in detail the transferee's right of appeal under subdivision 13.

Subd. 4. [DELIVERY.] Except as otherwise provided in subdivision 7 or 8, no person shall deliver a pistol or military assault weapon to a proposed transferee until seven days after the date of the agreement to transfer as stated on the report delivered to a chief of police or sheriff in accordance with subdivision 1 unless the chief of police or sheriff waives all or a portion of the seven day waiting period.

No person shall deliver a pistol or military assault weapon to a proposed transferee after receiving a written notification that the chief of police or sheriff has determined that the proposed transferee is prohibited by section 624.713 from possessing a pistol or military assault weapon.

If the transferor makes a report of transfer and receives no written notification of disqualification of the proposed transferee within seven days of the date of the agreement to transfer, the pistol or military assault weapon may be delivered to the transferee.

Subd. 5. [GROUNDS FOR DISQUALIFICATION.] A determination by the chief of police or sheriff that the proposed transferee is prohibited by section 624.713 from possessing a pistol or military assault weapon shall be the sole basis for a notification of disqualification under this section.

Subd. 6. [TRANSFEREE PERMIT.] If a chief of police or sheriff determines that a transferee is not a person prohibited by section 624.713 from possessing a pistol or military assault weapon, the transferee may, within 30 days after the determination, apply to that chief of police or sheriff for a transferee permit, and the permit shall be issued.

Subd. 7. [IMMEDIATE TRANSFERS.] The chief of police or sheriff may waive all or a portion of the seven day waiting period for a transfer.

Subd. 8. [REPORT NOT REQUIRED.] (1) If the proposed transferee presents a valid transferee permit issued under section ~~624.714, subdivision 9~~ 624.7131 or a valid permit to carry issued under section 624.714, or if the transferee is a licensed peace officer, as defined in section 626.84, subdivision 1, who presents a valid peace officer photo identification and badge, the transferor need not file a transfer report.

(2) If the transferor makes a report of transfer and receives no written notification of disqualification of the proposed transferee within seven days of the date of the agreement to transfer, no report or investigation shall be required under this section for any additional transfers between that transferor and that transferee which are made within 30 days of the date on which delivery of the first pistol or military assault weapon may be made under subdivision 4.

Subd. 9. [NUMBER OF PISTOLS OR MILITARY ASSAULT WEAPONS.] Any number of pistols or military assault weapons may be the subject of a single transfer agreement and report to the chief of police or sheriff. Nothing in this section or section 624.7131 shall be construed to limit or restrict the number of pistols or military assault weapons a person may acquire.

Subd. 10. [RESTRICTION ON RECORDS.] If, after a determination that the transferee is not a person prohibited by section 624.713 from possessing a pistol or military assault weapon, a transferee requests that no record be maintained of the fact of who is the transferee of a pistol or military assault weapon, the chief of police or sheriff shall sign the transfer report and return it to the transferee as soon as possible. Thereafter, no government employee or agency shall maintain a record of the transfer that identifies the transferee, and the transferee shall retain the report of transfer.

Subd. 11. [FORMS; COST.] Chiefs of police and sheriffs shall make transfer report forms available throughout the community. There shall be no charge for forms, reports, investigations, notifications, waivers or any other act performed or materials provided by a government employee or agency in connection with a ~~pistol~~ transfer.

Subd. 12. [EXCLUSIONS.] This section shall not apply to transfers of antique firearms as curiosities or for their historical significance or value, transfers to or between federally licensed firearms dealers, transfers by order of court, involuntary transfers, transfers at death or the following transfers:

(a) A transfer by a person other than a federally licensed firearms dealer;

(b) A loan to a prospective transferee if the loan is intended for a period of no more than one day;

(c) The delivery of a pistol or military assault weapon to a person for the purpose of repair, reconditioning or remodeling;

(d) A loan by a teacher to a student in a course designed to teach marksmanship or safety with a pistol and approved by the commissioner of natural resources;

(e) A loan between persons at a firearms collectors exhibition;

(f) A loan between persons lawfully engaged in hunting or target shooting if the loan is intended for a period of no more than 12 hours;

(g) A loan between law enforcement officers who have the power to make arrests other than citizen arrests; and

(h) A loan between employees or between the employer and an employee in a business if the employee is required to carry a pistol or military assault weapon by reason of employment and is the holder of a valid permit to carry a pistol or military assault weapon.

Subd. 13. [APPEAL.] A person aggrieved by the determination of a chief of police or sheriff that the person is prohibited by section 624.713 from possessing a pistol or military assault weapon may appeal the determination as provided in this subdivision. In Hennepin and Ramsey counties the municipal court shall have jurisdiction of proceedings under this subdivision. In the remaining counties of the state, the county court shall have jurisdiction of proceedings under this subdivision.

On review pursuant to this subdivision, the court shall be limited to a determination of whether the proposed transferee is a person prohibited from possessing a pistol or military assault weapon by section 624.713.

Subd. 14. [TRANSFER TO UNKNOWN PARTY.] (a) No person shall transfer a pistol or military assault weapon to another who is not personally known to the transferor unless the proposed transferee presents evidence of identity to the transferor. A person who transfers a pistol or military assault weapon in violation of this clause is guilty of a misdemeanor.

(b) No person who is not personally known to the transferor shall become a transferee of a pistol or military assault weapon unless the person presents evidence of identity to the transferor. A person who becomes a transferee of a pistol or military assault weapon in violation of this clause is guilty of a misdemeanor.

Subd. 15. [PENALTIES.] A person who does any of the following is guilty of a gross misdemeanor:

(a) Transfers a pistol or military assault weapon in violation of subdivisions 1 to 13;

(b) Transfers a pistol or military assault weapon to a person who has made a false statement in order to become a transferee, if the transferor knows or has reason to know the transferee has made the false statement;

(c) Knowingly becomes a transferee in violation of subdivisions 1 to 13; or

(d) Makes a false statement in order to become a transferee of a pistol or military assault weapon knowing or having reason to know the statement is false.

Subd. 16. [LOCAL REGULATION.] This section shall be construed to supersede municipal or county regulation of the transfer of pistols."

Page 19, lines 16 and 20, after "pistol" insert "or military assault weapon"

Page 19, after line 25, insert:

"Sec. 25. Minnesota Statutes 1992, section 624.714, subdivision 5, is amended to read:

Subd. 5. [GRANTING OF PERMITS.] No permit to carry shall be granted to a person unless the applicant:

(a) Is not a person prohibited by section 624.713 from possessing a pistol or military assault weapon;

(b) Provides a firearms safety certificate recognized by the department of natural resources, evidence of successful completion of a test of ability to use a firearm supervised by the chief of police or sheriff or other satisfactory proof of ability to use a pistol or military assault weapon safely; and

(c) Has an occupation or personal safety hazard requiring a permit to carry.

Sec. 26. Minnesota Statutes 1992, section 624.714, subdivision 6, is amended to read:

Subd. 6. [FAILURE TO GRANT PERMITS.] Failure of the chief police officer or the county sheriff to deny the application or issue a permit to carry a pistol or military assault weapon within 21 days of the date of application shall be deemed to be a grant thereof. The local police authority shall provide an applicant with written notification of a denial and the specific reason for the denial. The permits and their renewal shall be granted free of charge. The permit shall specify the activities for which it shall be valid.

Sec. 27. Minnesota Statutes 1992, section 624.714, subdivision 7, is amended to read:

Subd. 7. [RENEWAL.] Permits to carry a pistol or military assault weapon issued pursuant to this section shall expire after one year and shall thereafter be renewed in the same manner and subject to the same provisions by which the original permit was obtained, except that all renewed permits must comply with the standards adopted by the commissioner of public safety under section 624.7161.

Sec. 28. Minnesota Statutes 1992, section 624.714, subdivision 8, is amended to read:

Subd. 8. [PERMIT TO CARRY VOIDED.] The permit to carry shall be void at the time that the holder becomes prohibited from possessing a pistol or military assault weapon under section 624.713, in which event the holder shall return the permit within five days to the application authority. Failure of the holder to return the permit within the five days is a gross misdemeanor unless the court finds that the circumstances or the physical or mental condition of the permit holder prevented the holder from complying with the return requirement.

Sec. 29. Minnesota Statutes 1992, section 624.714, subdivision 9, is amended to read:

Subd. 9. [CARRYING PISTOLS OR MILITARY ASSAULT WEAPONS ABOUT ONE'S PREMISES OR FOR PURPOSES OF REPAIR, TARGET PRACTICE.] A permit to carry is not required of a person:

(a) To keep or carry about the person's place of business, dwelling house, premises or on land possessed by the person a pistol or military assault weapon;

(b) To carry a pistol or military assault weapon from a place of purchase to the person's dwelling house or place of business, or from the person's dwelling house or place of business to or from a place where repairing is done, to have the pistol or military assault weapon repaired;

(c) To carry a pistol or military assault weapon between the person's dwelling house and place of business;

(d) To carry a pistol or military assault weapon in the woods or fields or upon the waters of this state for the purpose of hunting or of target shooting in a safe area; or

(e) To transport a pistol or military assault weapon in a motor vehicle, snowmobile or boat if the pistol or military assault weapon is unloaded, contained in a closed and fastened case, gunbox, or securely tied package.

Sec. 30. Minnesota Statutes 1992, section 624.714, subdivision 11, is amended to read:

Subd. 11. [NO LIMIT ON NUMBER OF PISTOLS OR MILITARY ASSAULT WEAPONS.] A person shall not be restricted as to the number of pistols or military assault weapons the person may carry."

Pages 19 and 20, delete section 19

Page 20, after line 7, insert:

"Sec. 31. [624.7181] [FIREARMS IN PUBLIC PLACES OR IN DWELLINGS CONTAINING CONTROLLED SUBSTANCES.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them.

(a) "Carry" does not include:

(1) the carrying of a firearm to or from a place where firearms are repaired, bought, sold, traded, or displayed, or where hunting, target shooting, or other lawful activity involving firearms occurs;

(2) the carrying of a firearm by a person who has a permit under section 624.714; or

(3) the transporting of a firearm in compliance with section 97B.045 or 624.714.

(b) "Controlled substances" has the meaning given it in section 152.01, subdivision 4, but does not include a substance that the actor possesses lawfully; and

(c) "Public place" means property owned, leased, or controlled by a governmental unit and private property that is regularly open to or made available for use by the public; but does not include a person's dwelling house, premises, or other private property not regularly open to or made available for use by the public; or the woods, fields, or waters of this state where the person is present lawfully for the purpose of hunting or target shooting.

Subd. 2. [GROSS MISDEMEANOR.] Whoever carries a firearm on or about the person in a public place is guilty of a gross misdemeanor.

Subd. 3. [EXCEPTIONS.] Subdivision 2 does not apply to the carrying of firearms by officers, employees, or agents of law enforcement agencies or the armed forces of this state or the United States, or by private detectives or protective agents, to the extent that these persons are authorized by law to carry firearms and are acting in the scope of official duties."

Page 20, line 9, delete "19" and insert "31"

Page 21, after line 9, insert:

"Sec. 3. Minnesota Statutes 1992, section 518B.01, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms shall have the meanings given them:

(a) "Domestic abuse" means: (i) physical harm, bodily injury, assault, or the infliction of fear of imminent physical harm, bodily injury or assault, between family or household members; or (ii) terroristic threats, within the meaning of section 609.713, subdivision 1, or criminal sexual conduct, within the meaning of section 609.342, 609.343, 609.344, or 609.345, committed against a ~~minor~~ family or household member by ~~an adult~~ a family or household member.

(b) "Family or household members" means spouses, former spouses, parents and children, persons related by blood, and persons who are presently residing together or who have resided together in the past, and persons who have a child in common regardless of whether they have been married or have lived together at any time. "Family or household member" also includes a man and woman if the woman is pregnant and the man is alleged to be the father, regardless of whether they have been married or have lived together at any time. Issuance of an order for protection on this ground does not affect a determination of paternity under sections 257.51 to 257.74."

Page 28, delete lines 25 to 30, and insert:

"(1) marching, standing, or patrolling by one or more persons directed solely at a particular residential building; or"

Page 32, after line 11, insert:

"Sec. 17. Minnesota Statutes 1992, section 609.748, is amended by adding a subdivision to read:

Subd. 9. [EFFECT ON LOCAL ORDINANCES.] Nothing in this section shall supersede or preclude the continuation or adoption of any local ordinance which applies to a broader scope of targeted residential picketing conduct than that described in subdivision 1."

Page 33, line 9, after "a" insert "juror or a"

Page 43, line 15, delete "supreme court" and insert "county attorneys association, in conjunction with the attorney general's office,"

Page 43, line 20, delete "supreme court" and insert "county attorneys association"

Page 43, line 30, delete "23 and 25 to 28" and insert "25 and 27 to 30"

Page 43, line 31, delete "24" and insert "26"

Page 52, delete section 17

Page 56, delete section 7

Page 56, line 17, delete "7" and insert "6"

Page 56, line 30, after the period insert "If the chief officer undertakes the investigation, the officer shall promptly notify the state fire marshal of the investigation and, after the investigation is completed, shall forward a copy of the investigative report to the state fire marshal."

Page 57, delete section 2

Page 57, lines 17 and 18, reinstate the stricken language

Page 62, line 22, delete "2, 3, and 6 to 12" and insert "2 and 5 to 11"

Page 62, after line 25, insert:

"Section 1. [169.042] [TOWING; NOTICE TO VICTIM OF VEHICLE THEFT; FEES PROHIBITED.]

Subdivision 1. [NOTIFICATION.] A law enforcement agency shall make a reasonable and good-faith effort to notify the victim of a reported vehicle theft within 48 hours after the agency recovers the vehicle. The notice must specify when the agency expects to release the vehicle to the owner and how the owner may pick up the vehicle.

Subd. 2. [VIOLATION DISMISSAL.] A traffic violation citation given to the owner of the vehicle as a result of the vehicle theft must be dismissed if the owner presents, by mail or in person, a police report or other verification that the vehicle was stolen at the time of the violation."

Page 64, after line 21, insert:

"Sec. 4. [260.013] [SCOPE OF VICTIM RIGHTS.]

The rights granted to victims of crime in sections 611A.01 to 611A.06 are applicable to adult criminal cases, juvenile delinquency proceedings, juvenile traffic proceedings involving driving under the influence of alcohol or drugs, and proceedings involving any other act committed by a juvenile that would be a crime as defined in section 609.02, if committed by an adult.

Sec. 5. Minnesota Statutes 1992, section 260.193, subdivision 8, is amended to read:

Subd. 8. If the juvenile court finds that the child is a juvenile major highway or water traffic offender, it may make any one or more of the following dispositions of the case:

(a) Reprimand the child and counsel with the child and the parents;

(b) Continue the case for a reasonable period under such conditions governing the child's use and operation of any motor vehicles or boat as the court may set;

(c) Require the child to attend a driver improvement school if one is available within the county;

(d) Recommend to the department of public safety suspension of the child's driver's license as provided in section 171.16;

(e) If the child is found to have committed two moving highway traffic violations or to have contributed to a highway accident involving death, injury, or physical damage in excess of $100, the court may recommend to the commissioner of public safety or to the licensing authority of another state the cancellation of the child's license until the child reaches the age of 18 years, and the commissioner of public safety is hereby authorized to cancel the license without hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety, or to the licensing authority of another state, that the child's license be returned, and the commissioner of public safety is authorized to return the license;

(f) Place the child under the supervision of a probation officer in the child's own home under conditions prescribed by the court including reasonable rules relating to operation and use of motor vehicles or boats directed to the correction of the child's driving habits;

(g) If the child is found to have violated a state or local law or ordinance and the violation resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for the damage;

(h) Require the child to pay a fine of up to $700. The court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

~~(h)~~ (i) If the court finds that the child committed an offense described in section 169.121, the court shall order that a chemical use assessment be conducted and a report submitted to the court in the manner prescribed in section 169.126. If the assessment concludes that the child meets the level of care criteria for placement under rules adopted under section 254A.03, subdivision 3, the report must recommend a level of care for the child. The court may require that level of care in its disposition order. In addition, the court may require any child ordered to undergo an assessment to pay a chemical dependency assessment charge of $75. The court shall forward the assessment charge to the commissioner of finance to be credited to the general fund. The state shall reimburse counties for the total cost of the assessment in the manner provided in section 169.126, subdivision 4c."

Page 67, after line 9, insert:

"Sec. 8. [611A.015] [SCOPE OF VICTIM RIGHTS.]

The rights afforded to crime victims in sections 611A.01 to 611A.06 are applicable to adult criminal cases, juvenile delinquency proceedings, juvenile traffic proceedings involving driving under the influence of alcohol or drugs, and proceedings involving any other act committed by a juvenile that would be a crime as defined in section 609.02, if committed by an adult.

Sec. 9. Minnesota Statutes 1992, section 611A.02, subdivision 2, is amended to read:

Subd. 2. [VICTIMS' RIGHTS.] (a) ~~The commissioner of public safety, in consultation with~~ The crime victim and witness advisory council~~, must~~ shall develop ~~a notice~~ two model notices of the rights of crime victims. ~~The notice must include a form for the preparation of a preliminary written victim impact summary. A preliminary victim impact summary is a concise statement of the immediate and expected damage to the victim as a result of the crime. A victim desiring to file a preliminary victim impact summary must file the summary with the investigating officer no more than five days after the victim receives the notice from a peace officer. If a preliminary victim impact statement is filed with the investigating officer, it must be sent to the prosecutor with other investigative materials. If a prosecutor has received a preliminary victim impact summary, the prosecutor must present the summary to the court. This subdivision does not relieve a probation officer of the notice requirements imposed by section 611A.037, subdivision 2.~~

(b) The initial notice of the rights of crime victims must be distributed by a peace officer to each victim, as defined in section 611A.01, ~~when the peace officer takes a formal statement from the victim. A peace officer is not obligated to distribute the notice if a victim does not make a formal statement~~ at the time of initial contact with the victim. The notice must inform a victim of:

(1) the victim's right to ~~request restitution under section 611A.04~~ apply for reparations to cover losses, not including property losses, resulting from a violent crime and the telephone number to call to request an application;

(2) the victim's right to ~~be notified of any plea negotiations under section 611A.03~~ request that the law enforcement agency withhold public access to data revealing the victim's identity under section 13.82, subdivision 10, paragraph (d);

(3) the ~~victim's right to be present at sentencing, and to object orally or in writing to a proposed agreement or disposition; and~~ additional rights of domestic abuse victims as described in section 629.341;

(4) ~~the victim's right to be notified of the final disposition of the case.~~ information on the nearest crime victim assistance program or resource; and

(5) the victim's rights, if an offender is charged, to be informed of and participate in the prosecution process, including the right to request restitution.

(c) A supplemental notice of the rights of crime victims must be distributed by the city or county attorney's office to each victim, within a reasonable time after the offender is charged or petitioned. This notice must inform a victim of all the rights of crime victims under this chapter.

Sec. 10. Minnesota Statutes 1992, section 611A.04, subdivision 1, is amended to read:

Subdivision 1. [REQUEST; DECISION.] (a) A victim of a crime has the right to receive restitution as part of the disposition of a criminal charge or juvenile delinquency proceeding against the offender if the offender is convicted or found delinquent. The court, or a person or agency designated by the court, shall request information from the victim to determine the amount of restitution owed. The court or its designee shall obtain the information from the victim in affidavit form or by other competent evidence. Information submitted relating to restitution must describe the items or elements of loss, itemize the total dollar amounts of restitution claimed, and specify the reasons justifying these amounts, if restitution is in the form of money or property. A request for restitution may include, but is not limited to, any out-of-pocket losses resulting from the crime, including medical and therapy costs, replacement of wages and services, and funeral expenses. In order to be considered at the sentencing or dispositional hearing, all information regarding restitution must be received by the court administrator of the appropriate court ~~and must also be provided to the offender~~ at least three business days before the sentencing or dispositional hearing. ~~If the victim's~~

~~noncooperation prevents the court or its designee from obtaining competent evidence regarding restitution, the court is not obligated to consider information regarding restitution in the sentencing or dispositional hearing.~~ The court administrator shall provide copies of this request to the prosecutor and the offender or the offender's attorney at least 24 hours before the sentencing or dispositional hearing. The issue of restitution may be reserved or the sentencing or disposition continued if the affidavit or other competent evidence is not received in time. At the sentencing or dispositional hearing, the court shall give the offender an opportunity to respond to specific items of restitution and their dollar amounts.

(b) The court may amend or issue an order of restitution after the sentencing or dispositional hearing if:

(1) the offender is on probation or supervised release;

(2) information regarding restitution was submitted as required under paragraph (a); and

(3) the true extent of the victim's loss was not known at the time of the sentencing or dispositional hearing.

If the court holds a hearing on the restitution request, the court must notify the offender, the offender's attorney, the victim, and the prosecutor at least five business days before the hearing. The court's restitution decision is governed by this section and section 611A.045.

(c) The court shall grant or deny restitution or partial restitution and shall state on the record its reasons for its decision on restitution if information relating to restitution has been presented. If the court grants partial restitution it shall also specify the full amount of restitution that may be docketed as a civil judgment under subdivision 3. The court may not require that the victim waive or otherwise forfeit any rights or causes of action as a condition of granting restitution or partial restitution.

Sec. 11. Minnesota Statutes 1992, section 611A.04, subdivision 1a, is amended to read:

Subd. 1a. [CRIME BOARD REQUEST.] The crime victims reparations board may request restitution on behalf of a victim by filing a copy of ~~a claim for reparations submitted under sections 611A.52 to 611A.67, along with~~ orders of the board, if any, which detail any amounts paid by the board to the victim. The board may file the ~~claim~~ payment order with the court administrator or with the person or agency the court has designated to obtain information relating to restitution. In either event, the board shall submit the ~~claim~~ payment order not less than three business days before the sentencing or dispositional hearing. ~~If the board submits the claim directly to the court administrator, it shall also provide a copy to the offender.~~ The court administrator shall provide copies of the payment order to the prosecutor and the offender or the offender's attorney at least 24 hours before the sentencing or dispositional hearing. The issue of restitution may be reserved or the sentencing or disposition continued if the payment order is not received in time. The filing of a ~~claim~~ payment order for reparations with the court administrator shall also serve as a request for restitution by the victim. The restitution requested by the board may be considered to be both on its own behalf and on behalf of the victim. If the board has not paid reparations to the victim, restitution may be made directly to the victim. If the board has paid reparations to the victim, the court shall order restitution payments to be made directly to the board.

Sec. 12. Minnesota Statutes 1992, section 611A.04, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF ORDER FOR RESTITUTION.] An order of restitution may be enforced by any person named in the order to receive the restitution in the same manner as a judgment in a civil action. Filing fees for docketing an order of restitution as a civil judgment are waived for any victim named in the restitution order. An order of restitution shall be docketed as a civil judgment by the court administrator of the district court in the county in which the order of restitution was entered. A juvenile court is not required to appoint a guardian ad litem for a juvenile offender before docketing a restitution order. Interest shall accrue on the unpaid balance of the judgment as provided in section 549.09. A decision for or against restitution in any criminal or juvenile proceeding is not a bar to any civil action by the victim or by the state pursuant to section 611A.61 against the offender. The offender shall be given credit, in any order for judgment in favor of a victim in a civil action, for any restitution paid to the victim for the same injuries for which the judgment is awarded."

Page 67, after line 35, insert:

"Sec. 14. Minnesota Statutes 1992, section 611A.06, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF RELEASE REQUIRED.] The commissioner of corrections or other custodial authority shall make a good faith effort to notify the victim that the offender is to be released from imprisonment or incarceration, including release on extended furlough and for work release; released from a juvenile correctional facility; released from a facility in which the offender was confined due to incompetency, mental illness, or mental deficiency, or commitment under section 253B.18; or transferred ~~from one correctional facility to another when the correctional program involves less security~~ to a minimum security setting, if the victim has mailed to the commissioner of corrections or to the head of the facility in which the offender is confined a written request for this notice. The good faith effort to notify the victim must occur prior to the release, transfer, or change in security status. For a victim of a felony crime against the person for which the offender was sentenced to a term of imprisonment of more than 18 months, the good faith effort to notify the victim must occur 60 days before the offender's release, transfer, or change ~~in~~ to minimum security status.

Sec. 15. Minnesota Statutes 1992, section 611A.52, subdivision 5, is amended to read:

Subd. 5. [COLLATERAL SOURCE.] "Collateral source" means a source of benefits or advantages for economic loss otherwise reparable under sections 611A.51 to 611A.67 which the victim or claimant has received, or which is readily available to the victim, from:

(1) the offender;

(2) the government of the United States or any agency thereof, a state or any of its political subdivisions, or an instrumentality of two or more states, unless the law providing for the benefits or advantages makes them excess or secondary to benefits under sections 611A.51 to 611A.67;

(3) social security, medicare, and medicaid;

(4) state required temporary nonoccupational disability insurance;

(5) workers' compensation;

(6) wage continuation programs of any employer;

(7) proceeds of a contract of insurance payable to the victim for economic loss sustained because of the crime;

(8) a contract providing prepaid hospital and other health care services, or benefits for disability; ~~or~~

(9) any private source as a voluntary donation or gift; or

(10) proceeds of a lawsuit brought as a result of the crime.

The term does not include a life insurance contract.

Sec. 16. Minnesota Statutes 1992, section 611A.52, subdivision 8, is amended to read:

Subd. 8. [ECONOMIC LOSS.] "Economic loss" means actual economic detriment incurred as a direct result of injury or death.

(a) In the case of injury the term is limited to:

(1) reasonable expenses incurred for necessary medical, chiropractic, hospital, rehabilitative, and dental products, services, or accommodations, including ambulance services, drugs, appliances, and prosthetic devices;

(2) reasonable expenses associated with recreational therapy where a claimant has suffered amputation of a limb;

(3) reasonable expenses incurred for psychological or psychiatric products, services, or accommodations where the nature of the injury or the circumstances of the crime are such that the treatment is necessary to the rehabilitation of the victim, subject to the following limitations:

(i) if treatment is likely to continue longer than six months after the date the claim is filed and the cost of the additional treatment will exceed $1,500, or if the total cost of treatment in any case will exceed $4,000, the provider shall first submit to the board a plan which includes the measurable treatment goals, the estimated cost of the treatment, and the estimated date of completion of the treatment. Claims submitted for treatment that was provided more than 30 days after the estimated date of completion may be paid only after advance approval by the board of an extension of treatment; and

(ii) the board may, in its discretion, elect to pay claims under this clause on a quarterly basis;

(4) loss of income that the victim would have earned had the victim not been injured;

(5) reasonable expenses incurred for substitute child care or household services to replace those the victim would have performed had the victim not been injured. As used in this clause, "child care services" means services provided by facilities licensed under and in compliance with either Minnesota Rules, parts 9502.0315 to 9502.0445, or 9545.0510 to 9545.0670, or exempted from licensing requirements pursuant to section 245A.03. Licensed facilities must be paid at a rate not to exceed their standard rate of payment. Facilities exempted from licensing requirements must be paid at a rate not to exceed $3 an hour per child for daytime child care or $4 an hour per child for evening child care; and

(6) reasonable expenses actually incurred to return a child who was a victim of a crime under section 609.25 or 609.26 to the child's parents or lawful custodian. These expenses are limited to transportation costs, meals, and lodging from the time the child was located until the child was returned home.

(b) In the case of death the term is limited to:

(1) reasonable expenses actually incurred for funeral, burial, or cremation, not to exceed an amount to be determined by the board on the first day of each fiscal year;

(2) reasonable expenses for medical, chiropractic, hospital, rehabilitative, psychological and psychiatric services, products or accommodations which were incurred prior to the victim's death and for which the victim's survivors or estate are liable;

(3) loss of support, including contributions of money, products or goods, but excluding services which the victim would have supplied to dependents if the victim had lived; and

(4) reasonable expenses incurred for substitute child care and household services to replace those which the victim would have performed for the benefit of dependents if the victim had lived.

Claims for loss of support for minor children made under clause (3) must be paid for three years or until the child reaches 18 years old, whichever is the shorter period. After three years, if the child is ~~less~~ younger than 18 years old a claim for loss of support may be resubmitted to the board, and the board staff shall evaluate the claim giving consideration to the child's financial need and to the availability of funds to the board. Claims for loss of support for a spouse made under clause (3) shall also be reviewed at least once every three years. The board staff shall evaluate the claim giving consideration to the spouse's financial need and to the availability of funds to the board.

Claims for substitute child care services made under clause (4) must be limited to the actual care that the deceased victim would have provided to enable surviving family members to pursue economic, educational, and other activities other than recreational activities.

Sec. 17. Minnesota Statutes 1992, section 611A.52, subdivision 9, is amended to read:

Subd. 9. [INJURY.] "Injury" means actual bodily harm including pregnancy and ~~mental or nervous shock~~ emotional trauma.

Sec. 18. Minnesota Statutes 1992, section 611A.57, subdivision 2, is amended to read:

Subd. 2. The board ~~member to whom the claim is assigned~~ staff shall examine the papers filed in support of the claim and cause an investigation to be conducted into the validity of ~~the~~ a claim to the extent that an investigation is necessary.

Sec. 19. Minnesota Statutes 1992, section 611A.57, subdivision 3, is amended to read:

Subd. 3. [CLAIM DECISION.] The board ~~member to whom a claim is assigned~~ executive director may decide the claim in favor of a claimant in the amount claimed on the basis of the papers filed in support of it and the report of the investigation of such claim. If unable to decide the claim upon the basis of the papers and any report of investigation, the board ~~member~~ executive director shall discuss the matter with other members of the board present at a board meeting. After discussion the board shall vote on whether to grant or deny the claim or whether further investigation is necessary. A decision granting or denying the claim shall then be issued by the executive director ~~or the board member to whom the claim was assigned~~.

Sec. 20. Minnesota Statutes 1992, section 611A.57, subdivision 5, is amended to read:

Subd. 5. [RECONSIDERATION.] The claimant may, within 30 days after receiving the decision of the board, apply for reconsideration before the entire board. Upon request for reconsideration, the board shall reexamine all information filed by the claimant, including any new information the claimant provides, and all information obtained by investigation. The board may also conduct additional examination into the validity of the claim. Upon reconsideration, the board may affirm, modify, or reverse ~~its~~ the prior ruling. A claimant denied reparations upon reconsideration is entitled to a contested case hearing within the meaning of chapter 14.

Sec. 21. Minnesota Statutes 1992, section 611A.66, is amended to read:

611A.66 [LAW ENFORCEMENT AGENCIES; DUTY TO INFORM VICTIMS OF RIGHT TO FILE CLAIM.]

All law enforcement agencies investigating crimes shall provide ~~forms to each person who may be eligible to file a claim pursuant to sections 611A.51 to 611A.67 and to inform them of their rights hereunder. All law enforcement agencies shall obtain from the board and maintain a supply of all forms necessary for the preparation and presentation of claims~~ victims with notice of their right to apply for reparations with the telephone number to call to request an application form.

Law enforcement agencies shall assist the board in performing its duties under sections 611A.51 to 611A.67. Law enforcement agencies within ten days after receiving a request from the board shall supply the board with requested reports, notwithstanding any provisions to the contrary in chapter 13, and including reports otherwise maintained as confidential or not open to inspection under section 260.161. All data released to the board retains the data classification that it had in the possession of the law enforcement agency.

Sec. 22. Minnesota Statutes 1992, section 626.556, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE AGENCY AND LOCAL LAW ENFORCEMENT AGENCY UPON RECEIPT OF A REPORT.] (a) If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, the local welfare agency shall immediately conduct an assessment and offer protective social services for purposes of preventing further abuses, safeguarding and enhancing the welfare of the abused or neglected minor, and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse or physical abuse, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its investigation. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

(b) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97.

(c) Authority of the local welfare agency responsible for assessing the child abuse report and of the local law enforcement agency for investigating the alleged abuse includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged perpetrator. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found ~~and~~ or the child may be transported to, and the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview may take place outside the presence of the perpetrator or parent, legal custodian, guardian, or school official. Except as provided in this paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 49.02 of the Minnesota rules of procedure for juvenile courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(d) When the local welfare or local law enforcement agency determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the county welfare board or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded. Until that time, the local welfare or law enforcement agency shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged perpetrator is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(e) Where the perpetrator or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the perpetrator or any person responsible for the child's care at reasonable places and times as specified by court order.

(f) Before making an order under paragraph (d), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(g) The commissioner, the ombudsman for mental health and mental retardation, the local welfare agencies responsible for investigating reports, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglecting a child, and to provide the facility with a copy of the report and the investigative findings."

Page 68, delete section 7

Page 68, after line 23, insert:

"Sec. 24. [REPEALER.]

Minnesota Statutes 1992, section 611A.57, subdivision 1, is repealed."

Page 68, line 25, delete "6" and insert "23"

Page 68, after line 28, insert:

"Section 1. Minnesota Statutes 1992, section 8.16, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The attorney general, or any deputy, assistant, or special assistant attorney general whom the attorney general authorizes in writing, has the authority in any county of the state to subpoena and require the production of any records of telephone companies, cellular phone companies, paging companies, electric companies, gas companies, water utilities, chemical suppliers, hotels and motels, pawn shops, airlines, buses, taxis, and other entities engaged in the business of transporting people, and freight companies, self-service storage facilities, warehousing companies, package delivery companies, and other entities engaged in the businesses of transport, storage, or delivery, and records of the existence of safe deposit box account numbers and customer savings and checking account numbers maintained by financial institutions and safe deposit companies. Subpoenas may only be issued for records that are relevant to an ongoing legitimate law enforcement investigation."

Page 70, line 17, delete the first comma and insert "and" and delete ", and the"

Page 70, delete line 18

Page 70, line 19, delete "licensee"

Page 74, after line 26, insert:

"Sec. 13. [473.407] [METROPOLITAN TRANSIT COMMISSION POLICE.]

Subdivision 1. [AUTHORIZATION.] The transit commission may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (h), known as the metropolitan transit commission police, to police its property and routes and to make arrests under sections 629.30 and 629.34. The jurisdiction of the law enforcement agency is limited to offenses relating to metropolitan transit commission property, equipment, employees, and passengers.

Subd. 2. [LIMITATIONS.] The initial processing of a person arrested by the transit commission police for an offense within the agency's jurisdiction is the responsibility of the metropolitan transit commission police unless otherwise directed by the law enforcement agency with primary jurisdiction. A subsequent investigation is the responsibility of the law enforcement agency of the jurisdiction in which the crime was committed. The transit commission police are not authorized to apply for a search warrant as prescribed in section 626.05.

Subd. 3. [POLICIES.] Before the metropolitan transit commission begins to operate its law enforcement agency within a city or county with an existing law enforcement agency, the metropolitan transit commission police shall develop, in conjunction with the law enforcement agencies, written policies that describe how the issues of joint jurisdiction will be resolved. The policies must also address the operation of emergency vehicles by transit commission police responding to commission emergencies. These policies must be filed with the board of peace officer standards and training by August 1, 1993. Revisions of any of these policies must be filed with the board within ten days of the effective date of the revision. The metropolitan transit commission shall train all of its peace officers regarding the application of these policies.

Subd. 4. [CHIEF LAW ENFORCEMENT OFFICER.] The commission shall appoint a peace officer employed full time to be the chief law enforcement officer and to be responsible for the management of the law enforcement agency. The person shall possess the necessary police and management experience and have the title of chief of metropolitan transit commission police services. All other police management and supervisory personnel must be employed full time by the commission. Supervisory personnel must be on duty and available any time transit commission police are on duty. The commission may not hire part-time peace officers as defined in section 626.84, subdivision 1, paragraph (f), except that the commission may appoint peace officers to work on a part-time basis not to exceed 30 full-time equivalents.

Subd. 5. [EMERGENCIES.] (a) The commission shall ensure that all emergency vehicles used by transit commission police are equipped with radios capable of receiving and transmitting on the same frequencies utilized by the law enforcement agencies that have primary jurisdiction.

(b) When the transit commission police receive an emergency call they shall notify the public safety agency with primary jurisdiction and coordinate the appropriate response.

(c) Transit commission police officers shall notify the primary jurisdictions of their response to any emergency.

Subd. 6. [COMPLIANCE.] Except as otherwise provided in this section, the transit commission police shall comply with all statutes and administrative rules relating to the operation and management of a law enforcement agency."

Page 79, line 11, delete "of good cause"

Page 79, line 12, after "jurisdiction" insert "that there is a need to continue the investigation and that the investigation would be harmed by service of the inventory at this time"

Page 79, line 13, before the period insert "for an additional 90-day period"

Page 79, after line 28, insert:

"Sec. 22. [INSTRUCTION TO REVISOR.]

The revisor shall substitute the reference "473.407" for the reference "629.40, subdivision 5" in Minnesota Statutes, section 352.01, subdivision 2b, clause (34)."

Page 79, after line 31, insert:

"Minnesota Statutes 1992, section 629.40, subdivision 5, is repealed.

Sec. 24. [APPLICATION.]

Sections 473.407 and the repeal of section 629.40, subdivision 5, apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Page 79, line 33, delete "3 to 6" and insert "4 to 7"

Page 83, after line 36, insert:

"Sec. 5. Minnesota Statutes 1992, section 244.05, is amended by adding a subdivision to read:

Subd. 8. [CONDITIONAL MEDICAL RELEASE.] The commissioner may order that an offender be placed on conditional medical release prior to the offender's scheduled supervised release date or target release date if the offender suffers from a grave illness or chronic medical condition and the release poses no threat to the public. In making the decision to release an offender on this status, the commissioner must consider the offender's age and medical condition; the health care needs of the offender; the offender's custody classification and level of risk of violence; the appropriate level of community supervision; and alternative placements that may be available for the offender. Conditional medical release may be rescinded without hearing by the commissioner if the offender's medical condition improves to the extent that the continuation of the conditional medical release is no longer necessary or that its continuation presents a more serious risk to the public."

Page 85, delete section 8

Page 90, line 12, delete "January" and insert "July"

Page 90, line 15, after the period, insert "If the county attorney's county participates in the community corrections act as part of a group of counties under section 401.02, the county attorney may establish a pretrial diversion program in conjunction with other county attorneys in that group of counties."

Pages 94 and 95, delete section 16

Pages 97 and 98, delete section 21

Page 98, delete line 15

Page 98, line 16, delete everything before "Section" and delete "17" and insert "16"

Page 103, line 10, after "subdivision" insert "; except that the bureau of criminal apprehension may not charge a fee to a state or district public defender, to an attorney working for a public defense corporation under section 611.216, or to a prosecuting attorney to inspect or copy criminal history data classified as public under this subdivision and created, collected, or maintained by the bureau of criminal apprehension"

Page 106, after line 7, insert:

"Sec. 8. Minnesota Statutes 1992, section 480.0591, subdivision 6, is amended to read:

Subd. 6. [PRESENT LAWS EFFECTIVE UNTIL MODIFIED; RIGHTS RESERVED.] Present statutes relating to evidence shall be effective until modified or superseded by court rule. If a rule of evidence is promulgated which is in conflict with a statute, the statute shall thereafter be of no force and effect. The supreme court, however, shall not have the power to promulgate rules of evidence which conflict, modify, or supersede the following statutes:

(a) statutes which relate to the competency of witnesses to testify, found in sections 595.02 to 595.025;

(b) statutes which establish the prima facie evidence as proof of a fact;

(c) statutes which establish a presumption or a burden of proof;

(d) statutes which relate to the admissibility of statistical probability evidence based on genetic or blood test results, found in sections 634.25 to 634.30;

(e) statutes which relate to the privacy of communications; and

~~(e)~~ (f) statutes which relate to the admissibility of certain documents.

The legislature may enact, modify, or repeal any statute or modify or repeal any rule of evidence promulgated under this section.

Sec. 9. [593.505] [DISCLOSURE OF JUROR INFORMATION PROHIBITED.]

In addition to determinations made by the court under rule 814 of the rules of general practice, the court shall prohibit disclosure of the names of qualified prospective jurors drawn, or the contents of juror qualification questionnaires completed by prospective jurors, if:

(1) the court determines that public access to the identities of jurors will jeopardize the defendant's right to a fair trial by impairing the ability to draw a qualified jury; or

(2) a juror specifically requests not to be publicly identified and the court determines that public access to such information would threaten the personal safety or property of the juror.

Access to juror information may be denied permanently under this section."

Page 113, line 5, after "intentionally" insert "or recklessly"

Page 113, after line 24, insert:

"(c) [ENDANGERMENT BY FIREARM ACCESS.] A person who intentionally or recklessly causes a child under 16 years of age to be placed in a situation likely to substantially harm the child's physical health or cause the child's death as a result of the child's access to a loaded firearm is guilty of child endangerment."

Page 114, after line 14, insert:

"Sec. 22. Minnesota Statutes 1992, section 609.505, is amended to read:

609.505 [FALSELY REPORTING CRIME.]

Whoever informs a law enforcement officer that a crime has been committed, knowing that it is false and intending that the officer shall act in reliance upon it, is guilty of a misdemeanor. A person who is convicted a second or subsequent time under this section is guilty of a gross misdemeanor.

Sec. 23. [609.5318] [CERTAIN LOCAL FORFEITURE ORDINANCES AUTHORIZED.]

Subdivision 1. [AUTHORITY.] A home rule charter or statutory city may enact an ordinance providing for the forfeiture of a motor vehicle used to commit or facilitate, or used during the commission of, a violation of section 609.324 or a violation of a local ordinance substantially similar to section 609.324. A motor vehicle is subject to forfeiture under an ordinance authorized by this section only if the offense is established by proof of a criminal conviction for the offense.

Subd. 2. [PROCEDURES.] Except as otherwise provided in this section, an ordinance adopted under the authority of this section shall contain procedures that are identical to those contained in sections 609.531, 609.5312, and 609.5313, including procedures that specifically prohibit the seizure or forfeiture of leased or rental vehicles.

Subd. 3. [ADDITIONAL PROCEDURES AND REQUIREMENTS.] (a) An ordinance adopted under the authority of this section must also contain the provisions described in this subdivision.

(b) The ordinance must provide that if a motor vehicle is seized in advance of a judicial forfeiture order, a hearing before a judge or referee must be held within 96 hours of the seizure. Notice of the hearing must be given to the registered owner within 48 hours of the seizure. The ordinance must also require the prosecuting authority to certify to the court, at or in advance of the hearing, that it has filed or intends to file charges against the alleged violator for violating section 609.324 or a local ordinance substantially similar to section 609.324.

(c) The ordinance must provide that after conducting a hearing described in paragraph (b), the court shall order that the motor vehicle be returned to the owner if:

(1) the prosecutor has failed to make the certification required by paragraph (b);

(2) the owner of the motor vehicle has demonstrated to the court's satisfaction that the owner has a defense to the forfeiture, including but not limited to the defenses contained in section 609.5312, subdivision 2; or

(3) the court determines that seizure of the vehicle creates or would create an undue hardship for members of the owner's family.

(d) The ordinance must provide that a court conducting a hearing under paragraph (b) also may order that the motor vehicle be returned to the owner if the owner surrenders the motor vehicle's certificate of title to the court, pending resolution of the criminal proceeding and forfeiture action. If the certificate is surrendered to the court, the owner may not be ordered to post security or bond as a condition to release of the vehicle. When a certificate of title is surrendered to a court under this provision, the court shall notify the department of public safety and any secured party noted on the certificate. The court shall also notify the department and the secured party when it returns a surrendered title to the motor vehicle owner.

(e) The ordinance must provide that if the motor vehicle is not forfeited, neither the owner nor the alleged violator will be responsible for paying any costs associated with the seizure or storage of the vehicle.

Subd. 4. [DISPOSITION OF FORFEITED PROPERTY.] An ordinance adopted under the authority of this section must provide that the proceeds from the sale of forfeited vehicles, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the vehicle, be distributed as follows:

(1) 40 percent of the proceeds must be forwarded to the law enforcement agency for deposit as a supplement to the agency's operating fund or similar fund for use in law enforcement;

(2) 20 percent of the proceeds must be forwarded to the city attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes;

(3) 20 percent of the proceeds must be forwarded to the state treasury and credited to the general fund; and

(4) the remaining 20 percent of the proceeds must be forwarded to the city treasury for distribution to neighborhood crime prevention programs."

Page 116, after line 19, insert:

"Sec. 27. Minnesota Statutes 1992, section 609.746, is amended by adding a subdivision to read:

Subd. 4. [INSTALLATION OR USE OF UNAUTHORIZED OBSERVING DEVICE.] A person who, except as authorized by law, installs or uses inside or outside a private place, without the consent of the person or persons entitled to privacy at the place, any device for observing, photographing, recording, amplifying, or broadcasting sounds or events in the place is guilty of a gross misdemeanor. This section does not apply to law enforcement officers, correction investigators, or to those acting under their direction, while engaged in the performance of their lawful duties, or to any person engaged in this activity for legal business purposes.

As used in this subdivision, "private place" means a place where one may reasonably expect to be safe from casual or hostile intrusion or surveillance."

Page 118, line 14, strike "20" and insert "27"

Page 119, line 13, delete "8 and 10 to 23" and insert "10 and 12 to 28"

Page 119, line 15, delete "9 and 27" and insert "11 and 32"

Page 119, line 21, delete "24" and insert "29"

Page 138, after line 22, insert:

"Sec. 29. Minnesota Statutes 1992, section 609.229, subdivision 3, is amended to read:

Subd. 3. [PENALTY.] (a) If the crime committed in violation of subdivision 2 is a felony, the statutory maximum for the crime is three years longer than the statutory maximum for the underlying crime.

(b) If the crime committed in violation of subdivision 2 is a misdemeanor, the person is guilty of a gross misdemeanor.

(c) If the crime committed in violation of subdivision 2 is a gross misdemeanor, the person is guilty of a felony and may be sentenced to ~~a term of~~ imprisonment ~~of~~ for not more than one year and a day or to payment of a fine of not more than $5,000, or both."

Page 141, line 33, delete "35" and insert "36"

Page 141, after line 34, insert:

"ARTICLE 12

APPROPRIATIONS

Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund to the agencies and for the purposes specified in this article, to be available until June 30, 1995.

Sec. 2. CORRECTIONS

Total General Fund Appropriation $700,000

Of this appropriation, $500,000 is for the juvenile paid work crew grant program established in article 6, section 1. The commissioner may use up to five percent of this appropriation for administrative expenses. This is a one-time appropriation.

Of this appropriation, $200,000 is for grants to cities to help pay for support services used in the city's curfew enforcement program. These support services include but are not limited to rent for drop-off centers, staff, supplies, equipment, and the referral of children who may be abused or neglected. This is a one-time appropriation.

Sec. 3. DARE ADVISORY COUNCIL

Total General Fund Appropriation $250,000

This appropriation is for administration of the drug abuse resistance education programs. This is a one-time appropriation.

Sec. 4. BOARD OF PUBLIC DEFENSE

Total General Fund Appropriation $200,000"

Correct internal references in all articles

Renumber the sections in all articles in sequence

Delete the title and insert:

"A bill for an act relating to crime; imposing penalties for a variety of firearms-related offenses; expanding forfeiture provisions; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; requiring certain counties to establish pretrial diversion programs; revising and increasing penalties for a variety of other criminal laws; clarifying certain provisions for the new felony sentencing system; making technical corrections to sentencing statutes; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 16B.08, subdivision 7; 127.03, subdivision 3; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 152.021, subdivision 3; 152.022, subdivisions 1 and 3; 152.023, subdivisions 2 and 3; 152.024, subdivision 3; 152.025, subdivision 3; 152.026; 152.0971, subdivisions 1, 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, and by adding a subdivision; 152.0974; 152.18, subdivision 1; 168.346; 169.121, subdivision 3a; 169.222, subdivisions 1 and 6; 169.64, subdivision 3; 169.98, subdivision 1a; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivision 2; 243.166, subdivision 1; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 299A.35, subdivision 2; 299C.46, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.815, subdivision 1; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 485.018, subdivision 5; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.05, subdivision 1; 609.06; 609.101, subdivisions 2, 3, and 4; 609.11; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivision 1; 609.175, subdivision 2, and by adding a subdivision; 609.184, subdivision 2; 609.196; 609.224, subdivision 2; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, 18, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531, subdivision 1; 609.5314, subdivision 1; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivision 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.746, by adding a subdivision; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision

1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.02, subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, 3, and by adding a subdivision; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 624.711; 624.712, subdivisions 5, 6, and by adding a subdivision; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 624.714, subdivisions 1, 5, 6, 7, 8, 9, and 11; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, article 7, section 13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 121; 152; 169; 174; 242; 260; 401; 473; 593; 609; 611A; and 624; repealing Minnesota Statutes 1992, sections 152.0973, subdivision 4; 214.10, subdivisions 4, 5, 6, and 7; 241.25; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5."

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

The report was adopted.

Rice from the Committee on Economic Development, Infrastructure and Regulation Finance to which was referred:

H. F. No. 1741, A bill for an act relating to the organization and operation of state government; appropriating money for community development, certain agencies of state government, and public safety, with certain conditions.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [APPROPRIATION SUMMARY - ALL ARTICLES.]

	1993	1994	1995	TOTAL
General	$671,000	$ 98,138,000	$ 97,172,000	$ 195,981,000
Environmental		264,000	264,000	528,000
Trunk Highway		974,000	975,000	1,949,000
Workers' Comp.		21,976,000	15,663,000	37,639,000
Special Revenue Fund		787,000	788,000	1,575,000
TOTAL	671,000	122,139,000	114,862,000	237,672,000

ARTICLE 2

Section 1. [COMMUNITY DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "1993," "1994," and "1995," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1993, June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

	1993	1994	1995	TOTAL
General	$ 41,000	$ 25,657,000	$ 25,189,000	$ 50,887,000
Workers' Comp.		21,976,000	15,663,000	37,639,000
TOTAL	41,000	47,633,000	40,852,000	88,526,000

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Sec. 2. LABOR AND INDUSTRY		
Subdivision 1. Total Appropriation	26,024,000	19,710,000
Summary by Fund		
General	4,048,000	4,047,000
Workers' Compensation	21,976,000	15,663,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Workers' Compensation Regulation and Enforcement

Summary by Fund		
General	100,000	100,000
Workers' Comp.	14,861,000	9,310,000

$5,000,000 the first year from the special compensation fund is for the Daedalus imaging systems project. This appropriation must not be allotted until the commissioner certifies that all information policy office requirements for this project have been met or will be met. This appropriation is available for either year of the biennium.

$100,000 in the first year and $100,000 in the second year are for grants to the Vinland Center for rehabilitation service.

Fee receipts collected as a result of providing direct computer access to public workers' compensation data on file with the commissioner must be credited to the general fund.

Subd. 3. Workplace Services

	5,455,000	4,744,000
Summary by Fund		
General	2,704,000	2,703,000
Workers' Comp.	2,751,000	2,041,000

$710,000 the first year from the special compensation fund is for litigation of a case for alleged violations of occupational safety and health act (OSHA) ergonomic standards. This appropriation is available for either year of the biennium.

$444,000 the first year and $444,000 the second year from the special compensation fund are for the OSHA industrial hygiene activity which is transferred from the department of health.

Subd. 4. General Support

	5,608,000	5,556,000

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Summary by Fund		
General	1,244,000	1,244,000
Workers' Compensation	4,364,000	4,312,000

$204,000 the first year and $204,000 the second year are for labor education and advancement program grants.

Sec. 3. PUBLIC UTILITIES COMMISSION 3,371,000 3,071,000

Notwithstanding Minnesota Statutes, section 216B.243, subdivision 6, for any certificate of need application for expansion of the storage capacity for spent nuclear fuel rods, the commission and department shall assess actual amounts billed by the office of administrative hearings and up to $300,000 of reasonable costs of the commission and department pursuant to Minnesota Statutes, section 216B.62, subdivision 6, during the biennium, subject to the limitations of Minnesota Statutes, section 216B.62, subdivision 2.

$282,000 the first year and $35,000 the second year are for an electronic storage and retrieval system. This appropriation must not be allotted until the chair of the commission certifies that all information policy office requirements for this project have been met or will be met. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

$30,000 the first year is for transfer to the extended area service balloting account in the special revenue fund.

$41,000 of this appropriation is added to the appropriation in Laws 1991, chapter 233, section 10, and is for extended area service balloting costs.

Sec. 4. PUBLIC SERVICE

Subdivision 1. Total Appropriation 8,972,000 8,832,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The department may employ no more than eight persons in the unclassified service during the biennium. For the biennium, the department shall not employ persons in the classified service who were employed in the unclassified service at the department during fiscal year 1993.

Subd. 2. Telecommunications

730,000 752,000

Subd. 3. Weights and Measures

2,948,000 2,845,000

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

Subd. 4. Information and Operations Management

1,422,000 1,322,000

$84,000 the first year is for an electronic imaging system. This appropriation must not be allotted until the commissioner certifies that all of the information policy office requirements for this project have been met or will be met. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Subd. 5. Energy

3,872,000 3,913,000

$588,000 the first year and $588,000 the second year are for transfer to the energy and conservation account established in Minnesota Statutes, section 216B.241, subdivision 2a, for programs administered by the commissioner of jobs and training to improve the energy efficiency of residential oil-fired heating plants in low-income households, and when necessary, to provide weatherization services to the homes.

$220,000 the first year and $220,000 the second year are for transfer to the energy and conservation account established by Minnesota Statutes, section 216B.241, subdivision 2a, for programs administered by the commissioner of jobs and training to improve the energy efficiency of residential liquified petroleum gas heating equipment in low-income households, and, when necessary, to provide weatherization services to the homes.

Of this appropriation, $284,000 in the first year and $326,000 in the second year are for alternative energy engineering activities. In employing persons to perform these activities, the department shall first offer any positions to persons previously employed by the department in that capacity. No part of this appropriation may be used for outside consulting.

Subd. 6. Rental Energy Loan and Rebate Program Appropriation

All money, including interest and loan repayments, remaining from the Exxon Oil overcharge money appropriated to the commissioner of public service by Laws 1988, chapter 686, article 1, section 38, that was allocated to the Minnesota housing finance agency is reappropriated to the commissioner for the purposes of this subdivision and is available until spent.

$1,600,000 is for a contract with an appropriate nonprofit organization, without public bidding, to provide revolving loan funds for a rental energy loan program in metropolitan counties as defined in Minnesota Statutes, section 473.121, subdivision 4. The program is to be marketed and delivered in coordination with other energy services.

The balance is for any purpose consistent with the state energy conservation program.

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Sec. 5. MINNESOTA TECHNOLOGY, INCORPORATED	7,982,000	7,984,000

$5,195,000 the first year and $5,197,000 the second year are for transfer from the general fund to the Minnesota Technology, Inc. fund.

$494,000 the first year and $494,000 the second year are for grants to Minnesota Project Innovation.

$947,000 the first year and $947,000 the second year are for grants to Minnesota Project Outreach.

$71,000 the first year and $71,000 the second year are for grants to Minnesota Inventors Congress.

$1,022,000 the first year and $1,022,000 the second year are for grants to Natural Resources Research Institute.

$88,000 the first year and $88,000 the second year are for grants to Minnesota Council for Quality.

$50,000 the first year and $50,000 the second year are for grants to Minnesota High Tech Corridor Corporation.

$75,000 the first year and $75,000 the second year are for grants to Cold Weather Resource Center.

$80,000 of this appropriation is for establishment and implementation of a health career youth apprenticeship program for at-risk youth. This appropriation is available until June 30, 1995.

Sec. 6. MINNESOTA WORLD TRADE CENTER CORPORATION	200,000	200,000

This appropriation is to pay building operation costs of the Minnesota World Trade Center Corporation. No portion of these funds may be used for Minnesota World Trade Center Corporation salaries or other personnel costs.

Sec. 7. COUNCIL ON BLACK MINNESOTANS	201,000	200,000

Of this appropriation, $6,000 the first year and $5,000 the second year are for transfer to the Ombudsperson for families.

Sec. 8. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE	224,000	223,000

During the biennium ending June 30, 1995, council publications may contain advertising. Receipts from advertising are appropriated to the council for purposes of council publications.

For the biennium ending June 30, 1995, the council shall report to the legislature on the revenues and expenditures from advertising by February 15 each year.

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995

Of this appropriation, $6,000 the first year and $5,000 the second year are for transfer to the Ombudsperson for families.

By November 15, 1993, the council shall submit a financially related audit to the legislature for the most recent two years and a study of the internal control structure performed by an independent accountant licensed by the state of Minnesota.

Sec. 9. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	176,000	175,000

Of this appropriation, $6,000 the first year and $5,000 the second year are for transfer to the Ombudsperson for families.

Sec. 10. INDIAN AFFAIRS COUNCIL	483,000	457,000

For the biennium ending June 30, 1995, federal money received for the Indian affairs council is appropriated to the council and added to this appropriation.

Of this appropriation, $6,000 the first year and $5,000 the second year are for transfer to the Ombudsperson for families.

Of this appropriation, $25,000 in the first year is for planning the development of culturally appropriate legal services to indigent clients or tribal representatives who reside in Hennepin county and are involved in a case governed by the Indian Child Welfare Act, United States Code, title 25, section 1901, et seq., or the Minnesota Indian family preservation act, Minnesota Statutes 1992, sections 257.35 to 257.3579. This appropriation is available until expended.

Sec. 11. [RESPONSIBILITIES TRANSFERRED.]

The following responsibilities, as defined in Minnesota Statutes, section 15.039, of the department of public service for the following activities are transferred to the public utilities commission: (1) alternative energy engineering; (2) alternative energy economic analysis; (3) organization of a Minnesota biomass center; and (4) design of a comprehensive program for the development of indigenous energy resources. Transfers of responsibilities, functions, appropriations, and personnel under this section are governed by Minnesota Statutes, section 15.039.

Sec. 12. Laws 1991, chapter 345, article 1, section 23, subdivision 2, is amended to read:

Subd. 2. Community Development

19,491,000	18,905,000

The department of trade and economic development shall examine the community resources program, evaluate the effectiveness of the program, and make recommendations to the appropriate committees of the legislature for necessary improvements. The department shall also study possible expansion of the community resources program into inner-ring suburbs adjoining cities of the first class, and report to the appropriate committees of the legislature by January 1, 1992.

$377,000 the first year and $377,000 the second year are for regional planning grants to regional development commissions organized under Minnesota Statutes, sections 462.381 to 462.396.

Until June 30, 1993, for state and federal grants distributed by state agencies to regions of the state not having a regional development commission, the state agency administering the grant program may assess the program for administrative costs incurred by the agency that normally are incurred by the commission.

$5,517,000 the first year and $5,517,000 the second year are for economic recovery grants, of which up to $500,000 may be used to implement the capital access program.

$5,904,000 the first year and $5,904,000 the second year are for the targeted neighborhoods revitalization and financing program.

Upon approval by the commissioner of a revitalization program the commissioner shall, within 30 days, pay to the city the amount of state money identified as necessary to implement the revitalization program or program modification.

$2,791,000 the first year and $2,791,000 the second year are for payment of a grant to the metropolitan council for metropolitan area regional parks maintenance and operation.

The metropolitan parks and open space commission shall consider the development of a trail that would link the St. Paul waterfront with the Munger trail via Swede Hollow and the abandoned railroad bed running north through St. Paul's East Side. The commission may meet with interested people and representatives of affected groups and shall report back to the senate finance and house appropriations committees by January 1, 1992.

$2,006,000 the first year and $2,006,000 the second year are for grants to pay principal and interest due on bonds issued by the city of Minneapolis for the Great River Road Project, the city of St. Paul for the Como Park conservatory, suburban Hennepin regional park district for land acquisition and development, and Washington county for land acquisition and development. These amounts shall be continued in the base and adjusted only for the normal reduction in principal and interest payments.

$59,000 the first year and $59,000 the second year are for a grant to the Minnesota High Tech Corridor. The department shall report its progress to the legislature by January 1, 1992.

$218,000 the first year and $217,000 the second year are for the small cities federal match.

$75,000 is for a grant to Itasca county to plan and do other preliminary work for construction of the Itasca Center.

The city of Duluth will not become eligible to receive any funding from the urban revitalization action program until the city formally relinquishes its entitlement status under the federal Community Development Block Grant Program to St. Louis county.

St. Louis county must ensure that the city of Duluth will continue to receive that level of federal Community Development Block Grant Program funding that it would have received if it had remained an entitlement community.

$98,000 the first year and $98,000 the second year are for Quality Council grants.

$500,000 the first year is for transfer to the World Trade Center Corporation to establish an annual medical exposition, trade fair, and health care congress to commence in either 1993 or 1994. ~~This event will be coordinated and held in conjunction with the World Health Organization's annual international conference on children's health care to commence in Minnesota in 1993.~~ The purpose of the appropriation includes the establishment of a support system to assist businesses in promoting Minnesota's medical and health care industries through an annual exposition and trade fair. This appropriation must be used in cooperation with the department of trade and economic development. This appropriation is available only to the extent the World Trade Center Corporation is able to secure an equal amount from nonstate sources to cover the costs of conducting the event. The corporation shall report the results of its efforts to the legislature by June 30, 1993.

Up to $780,000 may be used to purchase or lease modular furniture and telecommunications associated with the agency's move.

$250,000 the first year and $250,000 the second year are for transfer to the commissioner of jobs and training for a wage subsidy program to alleviate summer youth unemployment under new Minnesota Statutes, section 268.552. No more than five percent of this appropriation may be used for administration.

Sec. 13. Minnesota Statutes 1992, section 3.30, subdivision 2, is amended to read:

Subd. 2. [MEMBERS; DUTIES.] The majority leader of the senate or a designee, the chair of the senate committee on finance, and the chair of the senate division of finance responsible for overseeing the items being considered by the commission, the speaker of the house of representatives or a designee, the chair of the house ways and means committee ~~on appropriations~~, and the chair of the finance division of the house ~~appropriations~~ committee responsible for overseeing the items being considered by the commissioner constitute the legislative advisory commission. The division chair of the finance committee in the senate and the division chair of the ~~appropriations~~ appropriate committee in the house shall rotate according to the items being considered by the commission. If any of the members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for the vacancy. If the legislature is not in session, vacancies in the house membership of the commission shall be filled by the last speaker of the house or, if the speaker is not available, by the last chair of the house rules committee, and by the last senate committee on committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of finance shall be secretary of the commission and keep a permanent record and minutes of its proceedings, which are public records. The commissioner of finance shall transmit, under section 3.195, a report to the next legislature of all actions of the commission. Members shall receive traveling and subsistence expenses incurred attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of two or more of its members. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item~~, except that a recommendation under section 298.2213, subdivision 4, or 298.296, subdivision 1, need only be signed by a majority of the members entitled to vote on the item~~.

Sec. 14. Minnesota Statutes 1992, section 216A.05, is amended by adding a subdivision to read:

Subd. 7. [ALTERNATIVE ENERGY PROGRAM.] The commission shall design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of solar, wind, hydropower, peat, fiber fuels, biomass, and other alternative energy resources.

Sec. 15. [216A.051] [ALTERNATIVE ENERGY ENGINEERING ACTIVITY.]

Subdivision 1. [CREATION, GOALS.] To further the development of indigenous energy resources and energy conservation, the commission shall establish an alternative energy engineering activity. The activity shall facilitate the development of specific projects in the public and private sectors and provide a broad range of information, education, and engineering assistance services necessary to accelerate energy conservation and alternative energy development in the state.

Subd. 2. [DUTIES.] The alternative energy engineering activity shall:

(1) provide on-site technical assistance for alternative energy and conservation projects;

(2) develop information materials and educational programs to meet the needs of engineers, technicians, developers, and others in the alternative energy field;

(3) conduct feasibility studies when the results of the studies would be of benefit to others working in the same area;

(4) facilitate development of energy projects through assistance in finding financing, meeting regulatory requirements, gaining public and private support, limited technical consultation, and similar forms of assistance; and

(5) work with and use the services of Minnesota design professionals.

Sec. 16. [216A.052] [ALTERNATIVE ENERGY ECONOMIC ANALYSIS.]

The commission shall carry out the following energy economic analysis duties:

(1) provide continued analysis of alternative energy issues for certificates of need and legislative requests;

(2) provide alternative energy information to consumers and business;

(3) assist in the maintenance and improvement of alternative energy input-output multipliers and market penetration models; and

(4) provide analysis of alternative energy data.

Sec. 17. [216A.053] [MINNESOTA BIOMASS CENTER.]

Subdivision 1. [CREATION, PURPOSE.] The commission, in consultation with the commissioner of agriculture, may organize a Minnesota biomass center, or may continue the work of a Minnesota biomass center organized by another agency.

The center shall be the focus of biomass energy activities for the state. To the maximum extent possible, the center shall coordinate its activities and the use of its staff and facilities with those of other entities involved in biomass energy projects.

Subd. 2. [DUTIES.] The center shall:

(1) Coordinate existing education and training programs for biomass energy production and use within the state and develop new programs where necessary. Educational programs shall cover all types of biomass energy production use, including but not limited to production from grain, biowaste, and cellulosic materials;

(2) Serve as a central information resource in conjunction with existing agencies and academic institutions in order to provide information to the public on the production and use of biomass energy. The center shall obtain and analyze available information on biomass energy topics and prepare it for distribution to ensure that the public receives the most accurate and up-to-date information available;

(3) Participate in necessary research projects to assist in technological advancement in areas of biomass energy production, distribution, and use. The center shall also study the environmental and safety aspects of biomass energy use;

(4) Support and coordinate financing activities for biomass energy production, including providing technical assistance and manuals to individuals and groups seeking private, local, state or federal funding. The center shall be responsible for evaluating projects for any state assistance that may become available;

(5) Develop consumer information and protection programs for all aspects of biomass energy production and use;

(6) Investigate marketing and distribution needs within the state;

(7) Review state and federal laws and regulations affecting biomass energy production and use, and evaluate regulatory incentives in order to provide the legislature with legislative proposals for the encouragement of biomass energy production and use within the state.

Sec. 18. Minnesota Statutes 1992, section 216B.62, subdivision 3, is amended to read:

Subd. 3. [ASSESSING ALL PUBLIC UTILITIES.] (a) The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to (1) public utilities under ~~section 216A.085, and~~ sections 216A.05 to 216A.053, 216A.085, and 216B.01 to 216B.67, ~~other than amounts chargeable to public utilities under subdivision 2 or 6~~ and (2) energy division activities under chapter 216C that are funded from the general fund, except petroleum inspection, testing, and supply monitoring activities.

(b) The ~~remainder~~ amounts calculated in paragraph (a), other than the amounts chargeable to public utilities under subdivision 2 or 6, shall be assessed by the commission and department to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed ~~one-eighth~~ one-fourth of one percent of the total gross operating revenues of the public utilities during the calendar year from retail sales of gas or electric service within the state. The assessment for the third quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 19. Minnesota Statutes 1992, section 216C.09, is amended to read:

216C.09 [DUTIES.]

The commissioner shall:

(a) manage the department as the central repository within the state government for the collection of data on energy;

(b) prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(c) undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(d) carry out energy conservation measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of sections 216C.05 to 216C.30;

(e) collect and analyze data relating to present and future demands and resources for all sources of energy;

(f) evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of sections 216C.05 to 216C.30, and make recommendations for changes in energy pricing policies and rate schedules;

(g) study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(h) design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential, and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(i) inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

(j) dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, resource recovery, or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

(k) charge other governmental departments and agencies involved in energy related activities with specific information gathering goals and require that those goals be met;

(l) ~~design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of solar, wind, hydropower, peat, fiber fuels, biomass, and other alternative energy resources. The program shall be evaluated by the alternative energy technical activity; and~~

~~(m)~~ dispense loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations made available to the department for that purpose. The commissioner shall adopt rules under chapter 14 for this purpose. Money dispersed under this clause must not include money received as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F. Supp. 586 (D.Kan. 1983) and all money received after August 1, 1988, by the governor, the commissioner of finance, or any other state agency resulting from overcharges by oil companies in violation of federal law.

Further, the commissioner may participate fully in hearings before the public utilities commission on matters pertaining to rate design, cost allocation, efficient resource utilization, utility conservation investments, small power production, cogeneration, and other rate issues. The commissioner shall support the policies stated in section 216C.05 and shall prepare and defend testimony proposed to encourage energy conservation improvements as defined in section 216B.241.

Sec. 20. Minnesota Statutes 1992, section 237.295, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT OF COSTS.] The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to telephone companies, other than amounts chargeable to telephone companies under subdivision 1 ~~or~~, 5, or 6. The remainder must be assessed by the department to the telephone companies operating in this state in proportion to their respective gross jurisdictional operating revenues during the last calendar year. The assessment must be paid into the state treasury within 30 days after the bill has been mailed to the telephone companies. The bill constitutes notice of the assessment and demand of payment. The total amount that may be assessed to the telephone companies under this subdivision may not exceed one-eighth of one percent of the total gross jurisdictional operating revenues during the calendar year. The assessment for the third quarter of each fiscal year must be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed. A telephone company with gross jurisdictional operating revenues of less than $5,000 is exempt from assessments under this subdivision.

Sec. 21. Minnesota Statutes 1992, section 237.295, is amended by adding a subdivision to read:

Subd. 6. [EXTENDED AREA SERVICE BALLOTING ACCOUNT; APPROPRIATION.] The extended area service balloting account is created as a separate account in the special revenue fund in the state treasury. The commission shall render separate bills to telephone companies for balloting costs incurred by the commission under section 237.161. The bill constitutes notice of the assessment and demand of payment. The amount of a bill assessed by the commission under this subdivision must be paid by the telephone company into the state treasury within 30 days from the date of assessment. Money received under this subdivision must be credited to the extended area service balloting account and is appropriated to the commission.

Sec. 22. Minnesota Statutes 1992, section 239.011, subdivision 2, is amended to read:

Subd. 2. [DUTIES AND POWERS.] To carry out the responsibilities in section 239.01 and subdivision 1, the director:

(1) shall take charge of, keep, and maintain in good order the standard of weights and measures of the state and keep a seal so formed as to impress, when appropriate, the letters "MINN" and the date of sealing upon the weights and measures that are sealed;

(2) has general supervision of the weights, measures, and weighing and measuring devices offered for sale, sold, or in use in the state;

(3) shall maintain traceability of the state standards to the national standards of the National Institute of Standards and Technology;

(4) shall enforce this chapter;

(5) shall grant variances from department rules, within the limits set by rule, when appropriate to maintain good commercial practices or when enforcement of the rules would cause undue hardship;

(6) shall conduct investigations to ensure compliance with this chapter;

(7) may delegate to division personnel the responsibilities, duties, and powers contained in this section;

(8) shall test annually, and approve when found to be correct, the standards of weights and measures used by the division, by a town, statutory or home rule charter city, or county within the state, or by a person using standards to repair, adjust, or calibrate commercial weights and measures;

(9) shall inspect and test weights and measures kept, offered, or exposed for sale;

(10) shall inspect and test, to ascertain if they are correct, weights and measures commercially used to:

(i) determine the weight, measure, or count of commodities or things sold, offered, or exposed for sale, on the basis of weight, measure, or count; and

(ii) compute the basic charge or payment for services rendered on the basis of weight, measure, or count;

(11) shall approve for use and mark weights and measures that are found to be correct;

(12) shall reject, and mark as rejected, weights and measures that are found to be incorrect and may seize them if those weights and measures:

(i) are not corrected within the time specified by the director;

(ii) are used or disposed of in a manner not specifically authorized by the director; or

(iii) are found to be both incorrect and not capable of being made correct, in which case the director shall condemn those weights and measures;

(13) shall weigh, measure, or inspect packaged commodities kept, offered, or exposed for sale, sold, or in the process of delivery, to determine whether they contain the amount represented and whether they are kept, offered, or exposed for sale in accordance with this chapter and department rules. In carrying out this section, the director must employ recognized sampling procedures, such as those contained in National Institute of Standards and Technology Handbook 133, "Checking the Net Contents of Packaged Goods";

(14) shall prescribe the appropriate term or unit of weight or measure to be used for a specific commodity when an existing term or declaration of quantity does not facilitate value comparisons by consumers, or creates an opportunity for consumer confusion;

(15) shall allow reasonable variations from the stated quantity of contents, including variations caused by loss or gain of moisture during the course of good distribution practice or by unavoidable deviations in good manufacturing practice, only after the commodity has entered commerce within the state;

(16) shall inspect and test petroleum products in accordance with this chapter and chapter 296;

(17) shall distribute and post notices for used motor oil and lead acid battery recycling in accordance with sections 239.54, 325E.11, and 325E.115; ~~and~~

(18) shall collect inspection fees in accordance with sections 239.10~~, 239.52, and 239.78.~~ and 239.101; and

(19) shall provide metrological services and support to businesses and individuals in the United States who wish to market products and services in the member nations of the European Economic Community, and other nations outside of the United States by:

(i) meeting, to the extent practicable, the measurement quality assurance standards described in the International Standards Organization ISO 9000, Guide 25;

(ii) maintaining, to the extent practicable, certification of the metrology laboratory by a governing body appointed by the European Economic Community; and

(iii) providing calibration and consultation services to metrology laboratories in government and private industry in the United States.

Sec. 23. Minnesota Statutes 1992, section 239.10, is amended to read:

239.10 [ANNUAL INSPECTION; ~~FEE~~.]

~~The department shall charge a fee to the owner for the costs of the regular inspection of scales, weights, measures, and weighing or measuring devices. The cost of any other inspection must be paid by the owner if the inspection is performed at the owner's request or if the inspection is made at the request of some other person and the scale, weight, measure, or weighing or measuring device is found to be incorrect. The department may fix the fees and expenses for regular inspections and special services by rule pursuant to section 16A.128, except that no additional fee may be charged for retail petroleum pumps, petroleum vehicle meters, and petroleum bulk meters that dispense petroleum products for which the petroleum inspection fee required by section 239.78 is collected. Money collected by the department for its regular inspections, special services, fees, and penalties must be paid into the state treasury and credited to the state general fund.~~ The director shall inspect all weights and measures annually, or as often as deemed possible within budget and staff limitations.

Sec. 24. [239.101] [INSPECTION FEES.]

Subdivision 1. [FEE SETTING AND COST RECOVERY.] The department shall recover the amount appropriated to the weights and measures program through revenue from two separate fee systems under subdivisions 2 and 3, and according to the fee-setting and cost-recovery requirements in subdivisions 4, 5, and 6.

Subd. 2. [WEIGHTS AND MEASURES FEES.] The director shall charge a fee to the owner for inspecting and testing weights and measures, providing metrology services and consultation, and providing petroleum quality assurance tests at the request of a licensed distributor. Money collected by the director must be paid into the state treasury and credited to the state general fund.

Subd. 3. [PETROLEUM INSPECTION FEE.] A person who owns petroleum products held in storage at a pipeline terminal, river terminal, or refinery shall pay a petroleum inspection fee of 85 cents for every 1,000 gallons sold or withdrawn from the terminal or refinery storage. The commissioner of revenue shall collect the fee. The revenue from the fee must first be applied to cover the amounts appropriated for petroleum product quality inspection expenses, for the inspection and testing of petroleum product measuring equipment, and for petroleum supply monitoring under chapter 216C.

The commissioner of revenue shall credit a person for inspection fees previously paid in error or for any material exported or sold for export from the state upon filing of a report as prescribed by the commissioner of revenue. The commissioner of revenue may collect the inspection fee along with any taxes due under chapter 296.

Subd. 4. [SETTING WEIGHTS AND MEASURES FEES.] The department shall review its schedule of fees every six months. After receiving approval from the commissioner of finance, the commissioner shall set the schedule of fees to ensure that the fees charged are sufficient to recover all costs connected with the inspections and services specified in subdivision 2. The schedule of fees is not subject to chapter 14, except the commissioner may utilize the procedures of section 14.38, subdivision 7. In the alternative, when the fees are adjusted, the commissioner shall publish a notice in the State Register at least 30 days before implementing the adjusted fee schedule. The notice must include the previous fee schedule, the adjusted fee schedule, and an explanation of the cost basis for adjusting the fees.

Subd. 5. [SETTING PETROLEUM INSPECTION FEE.] The legislature shall set the petroleum inspection fee in subdivision 3. When the department estimates that inspection costs will exceed the revenue from the fee, the commissioner shall prepare a request to increase the fee.

Subd. 6. [COST RECOVERY REQUIREMENTS.] Indirect costs specified in section 16A.126 and department overhead costs and the cost of inspection activities and services not specified in subdivisions 2 and 3 must be equitably apportioned and included in the costs to be recovered by the fees.

Sec. 25. Minnesota Statutes 1992, section 239.80, subdivision 1, is amended to read:

Subdivision 1. [VIOLATIONS; ACTIONS OF DEPARTMENT.] The director, or any delegated employee shall use the methods in section 239.75 to enforce sections 239.10; 239.101, subdivision 3; 239.761~~, 239.78~~; 239.79~~;~~ 239.791~~;~~ and 239.792.

Sec. 26. Minnesota Statutes 1992, section 239.80, subdivision 2, is amended to read:

Subd. 2. [PENALTY.] A person who fails to comply with any provision of section 239.10; 239.101, subdivision 3; 239.761~~, 239.78~~; 239.79~~;~~ 239.791~~;~~ or 239.792, is guilty of a misdemeanor.

Sec. 27. Minnesota Statutes 1992, section 298.2211, subdivision 3, is amended to read:

Subd. 3. [PROJECT APPROVAL.] All projects authorized by this section shall be submitted by the commissioner to the iron range resources and rehabilitation board, which shall recommend approval or disapproval or modification of the projects. ~~Each project shall then be submitted to the legislative advisory committee for any review and comment the committee deems appropriate.~~ Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county containing portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project, as so approved by the board and the applicable governing bodies, if any, together with ~~any comment provided by the legislative advisory committee,~~ detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 28. Minnesota Statutes 1992, section 298.2213, subdivision 4, is amended to read:

Subd. 4. [PROJECT APPROVAL.] The board shall by August 1, 1987, and each year thereafter prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

(1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(2) the prospective benefits of the expenditure exceed the anticipated costs; and

(3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

To be proposed by the board, a project must be approved by at least eight iron range resources and rehabilitation board members and the commissioner of iron range resources and rehabilitation. The list of projects must be submitted to the ~~legislative advisory commission for its review. The list with the recommendation of the legislative advisory commission must be submitted to the~~ governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time. ~~Supplemental projects must be submitted to the members of the legislative advisory commission for their review and recommendations of further review. If a recommendation is not provided within ten days, no further review by the legislative advisory commission is required, and the governor shall approve or disapprove each project or return it for further consideration. If the recommendation by a member is for further review, the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.~~

Sec. 29. Minnesota Statutes 1992, section 298.223, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATION.] The taconite environmental protection fund shall be administered by the commissioner of the iron range resources and rehabilitation board. The commissioner shall by September 1 of each year prepare a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon recommendation of the iron range resources and rehabilitation board, this list shall be submitted to the ~~legislative advisory commission for its review. This list with the recommendation of the legislative advisory commission shall then be transmitted to the~~ governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by the governor. The commissioner may submit supplemental projects for approval at any time. ~~Supplemental projects approved by the board must be submitted to the members of the legislative advisory commission for their review and recommendations of further review. If a recommendation is not provided within ten days, no further review by the legislative advisory commission is required, and the governor shall approve or disapprove each project or return it for further consideration. If the recommendation by any member is for further review the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.~~

Sec. 30. Minnesota Statutes 1992, section 298.28, subdivision 7, is amended to read:

Subd. 7. [IRON RANGE RESOURCES AND REHABILITATION BOARD.] Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this subdivision shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1, and shall be increased in 1989, 1990, and 1991 according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amount distributed per ton shall be the same as the amount distributed per ton in 1991. In 1994, the amount distributed shall be the distribution per ton for 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. That amount shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor ~~and the legislative advisory commission~~.

Sec. 31. Minnesota Statutes 1992, section 298.296, subdivision 1, is amended to read:

Subdivision 1. [PROJECT APPROVAL.] The board shall by August 1 of each year prepare a list of projects to be funded from the northeast Minnesota economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates. These projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it finds that:

(a) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) in the case of assistance to private enterprise, the project will serve a sound business purpose.

To be proposed by the board, a project must be approved by at least eight iron range resources and rehabilitation board members and the commissioner of iron range resources and rehabilitation. The list of projects shall be submitted to the ~~legislative advisory commission for its review. The list with the recommendation of the legislative advisory commission shall be submitted to the~~ governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time. ~~Supplemental projects must be submitted to the members of the legislative advisory commission for their review and recommendations of further review. If a recommendation is not provided within ten days, no further review by the legislative advisory commission is required, and the governor shall approve or disapprove each project or return it for further consideration. If the recommendation by any member is for further review the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.~~

Sec. 32. [REPEALER.]

Minnesota Statutes, sections 216C.261; 216C.315; 216C.33; 239.52 and 239.78; are repealed.

ARTICLE 3

Section 1. [STATE GOVERNMENT APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "1993," "1994," and "1995," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1993, June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

	1993	1994	1995	TOTAL
General	$...,...	$ 44,246,000	$ 44,039,000	$ 88,285,000
Environmental		224,000	224,000	448,000
Special Revenue		327,000	328,000	655,000
TOTAL		44,797,000	44,591,000	89,388,000

	APPROPRIATIONS Available for the Year Ending June 30	
	1994	1995
Sec. 2. SECRETARY OF STATE		
Subdivision 1. Total Appropriation	5,048,000	5,057,000
The amounts that may be spent from this appropriation for each activity are specified in the following subdivisions.		
Subd. 2. Administration	662,000	756,000
Subd. 3. Operations	4,012,000	3,842,000

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Subd. 4. Election Administration		
	375,000	460,000
Sec. 3. ETHICAL PRACTICES BOARD	399,000	399,000

Of this appropriation, $150,000 for the biennium is to meet current statutory requirements and is only available if funds for the same purpose are not appropriated in House File No. 163 or if House File No. 163 is not enacted.

Sec. 4. COMMERCE		
Subdivision 1. Total Appropriation	14,418,000	14,438,000
Summary by Fund		
General	13,867,000	13,886,000
Environmental	224,000	224,000
Special Revenue	327,000	328,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Financial Examinations		
	5,954,000	6,089,000
Subd. 3. Registration and Analysis		
	2,661,000	2,523,000
Subd. 4. Petroleum Tank Release Cleanup Board		
	224,000	224,000

This appropriation is from the petroleum tank release cleanup account in the environmental fund for administration.

Subd. 5. Administrative Services		
	2,139,000	2,173,000
Subd. 6. Enforcement and Licensing		
	3,440,000	3,429,000
Summary by Fund		
General	3,113,000	3,101,000
Special Revenue	327,000	328,000

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
$327,000 the first year and $328,000 the second year are from the real estate education, research, and recovery account in the special revenue fund for the purpose of Minnesota Statutes, section 82.34, subdivision 6. If the appropriation from the special revenue fund for either year is insufficient, the appropriation for the other year is available for it.		
Sec. 5. NON-HEALTH-RELATED BOARDS		
Subdivision 1. Total for this section	1,247,000	1,232,000
Subd. 2. Board of Accountancy	466,000	474,000
Subd. 3. Board of Architecture, Engineering, Land Surveying, Landscape Architecture, and Interior Design	591,000	568,000
Subd. 4. Board of Barber Examiners	126,000	126,000
Subd. 5. Board of Boxing	64,000	64,000
Sec. 6. MINNESOTA HISTORICAL SOCIETY		
Subdivision 1. Total Appropriation	18,339,000	18,169,000
The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.		
The Minnesota historical society is eligible for a salary supplement in the same manner as state agencies. The commissioner of finance will determine the amount of the salary supplement based on available appropriations. Employees of the Minnesota historical society will be paid in accordance with the appropriate pay plan.		
Subd. 2. Public Programs and Operations	11,203,000	11,203,000
Subd. 3. Statewide Outreach	722,000	682,000
$40,000 is for grant-in-aid purposes of the St. Anthony Falls Heritage Board in accordance with Minnesota Statutes, section 138.763. Grants may be made for public improvements to assist and provide information to the public and construct historic markers and monuments. The matching requirements for the grants may be established by the St. Anthony Falls Heritage Board.		
Subd. 4. Repair and Replacement	450,000	450,000
Subd. 5. Physical Plant	5,574,000	5,583,000
Subd. 6. Fiscal Agent	390,000	251,000
(a) Sibley House Association		
	88,000	88,000

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

This appropriation is available for operation and maintenance of the Sibley house and related buildings on the Old Mendota state historic site owned by the Sibley house association.

Notwithstanding any other law, the Sibley house association may purchase fire, wind, hail, and vandalism insurance, and insurance coverage for fine art objects from this appropriation.

(b) Minnesota International Center

48,000 47,000

(c) Minnesota Military Museum

29,000

(d) Minnesota Air National Guard Museum

19,000

(e) Institute for Learning and Teaching

66,000 66,000

This appropriation is for Project 120.

(f) Moose Lake Fire and Heritage Museum

25,000

This appropriation is for a grant to the Carlton county historical society to be used by the Onanegozie resource conservation and development council for the development of the Moose Lake Fire and Heritage Museum. This appropriation may not be spent unless it is matched by an equal amount from local sources. The legislature intends that no further direct appropriation will be made for this purpose.

(g) Nurse Statue

65,000

This appropriation is for a grant to the Marine Corps Coordinating Council for the nurse statue to be located in the atrium of the Veterans Affairs Medical Center in Minneapolis. This appropriation is available until June 30, 1995.

(h) Farmamerica

50,000 50,000

(i) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Sec. 7. MINNESOTA HUMANITIES COMMISSION	242,000	242,000
Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.		
Sec. 8. BOARD OF THE ARTS		
Subdivision 1. Total Appropriation	4,760,000	4,749,000
Any unencumbered balance remaining in this section the first year does not cancel but is available for the second year of the biennium.		
Subd. 2. Operations and Services	711,000	699,000
Subd. 3. Grants Program	2,636,000	2,636,000
Subd. 4. Regional Arts Councils	1,413,000	1,413,000
Sec. 9. MINNESOTA MUNICIPAL BOARD	319,000	280,000
Any unencumbered balance remaining in the first year does not cancel but is available for the second year.		
Sec. 10. UNIFORM LAWS COMMISSION	25,000	25,000

Sec. 11. [LABOR INTERPRETIVE CENTER; INITIAL BOARD OF DIRECTORS.]

Of the initial appointments to the labor interpretive center board, two members appointed by the governor and the member appointed by the mayor of St. Paul must have two-year initial terms. The initial board of directors must be appointed no later than August 1, 1993.

Sec. 12. [LABOR INTERPRETIVE CENTER; TRANSFER OF APPROPRIATIONS.]

Subdivision 1. [UNENCUMBERED BALANCE.] The unencumbered balance of the appropriation for the labor interpretive center project transferred to the capitol area architectural and planning board in Laws 1991, chapter 345, is transferred to the labor interpretive center account.

Subd. 2. [PROJECT AUTHORIZED BY 1990 LEGISLATURE.] The appropriation in Laws 1990, chapter 610, article 1, section 16, subdivision 4, is transferred to the labor interpretive center account.

Sec. 13. Minnesota Statutes 1992, section 10A.21, subdivision 1, is amended to read:

Subdivision 1. All reports or statements that must be filed with the board by the principal campaign committee of legislative candidates and statements of economic interest filed by candidates for and members of the legislature shall be ~~duplicated and filed by the board with the auditor of each county in which the legislative district lies within 72 hours of the date the report or statement is required to be filed or, if the report or statement is delinquent, within 72 hours of the time the report is actually filed~~ provided to the appropriate county auditor upon request.

Sec. 14. Minnesota Statutes 1992, section 10A.322, subdivision 4, is amended to read:

Subd. 4. [REFUND RECEIPT FORMS; PENALTY.] The board shall make available at cost to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that (1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23, and (2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section. The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. A candidate who does not sign an agreement under this section and who willfully issues an official refund receipt form or a facsimile of one to any of the candidate's contributors is guilty of a misdemeanor.

Sec. 15. Minnesota Statutes 1992, section 10A.322, is amended by adding a subdivision to read:

Subd. 5. [MONEY TO OPERATING ACCOUNT.] All money paid pursuant to this section must be deposited into the board's operating account.

Sec. 16. Minnesota Statutes 1992, section 15.50, subdivision 2, is amended to read:

Subd. 2. [CAPITOL AREA PLAN.] (a) The board shall prepare, prescribe, and from time to time amend a comprehensive use plan for the capitol area, ~~herein~~ called the area in this subdivision, which ~~shall initially consist~~ consists of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the centerline of the Arch-Pennsylvania freeway and the centerline of Marion Street, thence southerly along the centerline of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the centerline of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the centerline of Summit Avenue to the ~~south line of the right-of-way of the Fifth Street ramp, thence southeasterly along the right-of-way of the Fifth Street ramp to the~~ center line of the new West Kellogg Boulevard, thence southerly along the east line of the new West Kellogg Boulevard, to the center line of West Seventh Street, thence northeasterly along the center line of West Seventh Street to the center line of the Fifth Street ramp, thence northwesterly along the center line of the Fifth Street ramp to the east line of the right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Eleventh Street, thence easterly along the south line of Eleventh Street to the west line of Cedar Street, thence southeasterly along the west line of Cedar Street to the centerline of Tenth Street, thence northeasterly along the centerline of Tenth Street to the centerline of Minnesota Street, thence northwesterly along the centerline of Minnesota Street to the centerline of Eleventh Street, thence northeasterly along the centerline of Eleventh Street to the centerline of Jackson Street, thence northwesterly along the centerline of Jackson Street to the centerline of the Arch-Pennsylvania freeway extended, thence westerly along the centerline of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. If construction of the labor interpretive center does not commence prior to December 31, 1996, at the site recommended by the board, the boundaries of the capitol area revert to their configuration as of 1992. ~~Pursuant to~~ Under the comprehensive plan, or ~~any~~ a portion ~~thereof~~ of it, the board may regulate, by means of zoning rules adopted ~~pursuant to~~ under the administrative procedure act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty, and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty, and architectural integrity of the area. No person ~~shall~~ may undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtaining a zoning permit from the board, and receiving a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of St. Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when ~~they request~~ it requests reports for ~~their~~ its planning purpose.

(c) No public building, street, parking lot, or monument, or other construction ~~shall~~ may be built or altered on any public lands within the area unless the plans for the ~~same conforms~~ project conform to the comprehensive use plan as specified in clause (d) and to the requirement for competitive plans as specified in clause (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under clause (e), may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan ~~shall~~ must show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas and open spaces; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement ~~shall~~ may be made to public lands or buildings in the area save with the written approval of the board.

(e) The board shall secure by competitions, plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition, ~~which~~ that may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. ~~Such~~ A competition ~~shall~~ must be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected ~~shall~~ become the property of the state of Minnesota, and the board may award one or more premiums in each such competition and may pay ~~such~~ the costs and fees ~~as~~ that may be required for ~~the~~ its conduct ~~thereof~~. At the option of the board, plans for projects estimated to cost less than $1,000,000 may be approved without competition provided ~~such~~ the plans have been considered by the advisory committee described in ~~clause~~ paragraph (f). Plans for projects estimated to cost less than $400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) The board ~~shall~~ may not adopt any plan under ~~clause~~ paragraph (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee ~~shall~~ may not be contestants under clause (e). The comments and criticism ~~shall~~ must be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose:

~~(1)~~ the committee ~~shall~~ must be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the ~~same~~ data are developed or in the process of preparation, whether by the commissioner of administration, the commissioner of trade and economic development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area, and a copy of any ~~such~~ data prepared by any public employee or agency ~~shall~~ must be filed with the board promptly upon completion;

~~(2)~~ The board may employ ~~such~~ stenographic or technical help ~~as~~ that may be reasonable to assist the committee to perform its duties;

~~(3)~~ When so directed by the board, the committee may serve as, and any member or members ~~thereof~~ of the committee may serve on, the jury or as professional advisor for any architectural competition. The board shall select the architectural advisor and jurors for any competition with the advice of the committee; ~~and~~.

~~(4)~~ The city of Saint Paul shall advise the board.

(g) The comprehensive plan for the area ~~shall~~ must be developed and maintained in close cooperation with the commissioner of trade and economic development ~~and~~, the planning department and the council for the city of Saint Paul, and the board of the arts, and no ~~such~~ plan or amendment ~~thereof shall~~ of a plan may be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts.

(h) The board and the commissioner of administration, jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance, and cleanliness of the public and ceremonial areas of the state capitol building. ~~Pursuant to this power,~~ The board shall consult with and receive advice from the director of the Minnesota state historical society regarding the historic fidelity of plans for the capitol building. The standards and policies developed ~~as herein provided shall be~~ under this paragraph are binding upon the commissioner of administration. The provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45 ~~shall~~ do not apply to this clause.

(i) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program.

(j) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase, or eminent domain proceedings any real property situated in the area described in this section, and it ~~shall~~ may also ~~have the power to~~ acquire an interest less than a fee simple interest in the property, if it finds that ~~it~~ the property is needed for future expansion or beautification of the area.

(k) The board is the successor of the state veterans' service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and ~~acts amendatory thereof~~ amendments to it.

(l) The board shall meet at the call of the chair and at such other times as it may prescribe.

(m) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs, of which ~~such~~ a part ~~as~~ that the commissioner of administration and commissioner of veterans affairs may mutually determine ~~shall~~ must be on the first floor above the ground, and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available, to ~~such~~ other state departments and agencies as the commissioner may deem desirable.

Sec. 17. Minnesota Statutes 1992, section 16A.128, subdivision 2, is amended to read:

Subd. 2. [NO RULEMAKING.] The kinds of fees that need not be fixed by rule unless specifically required by law are:

(1) fees based on actual direct costs of a service;

(2) one-time fees;

(3) fees that produce insignificant revenues;

(4) fees billed within or between state agencies;

(5) fees exempt from commissioner approval; ~~or~~

(6) fees for admissions to or use of facilities operated by the iron range resources and rehabilitation board, if the fees are set according to prevailing market conditions to recover operating costs; or

(7) fees established by the Minnesota historical society.

Sec. 18. Minnesota Statutes 1992, section 16A.28, is amended by adding a subdivision to read:

Subd. 6. [EXCEPTIONS.] Except as provided by law, an appropriation made to the Minnesota historical society, if not spent during the first year, may be spent during the second year of a biennium. An unexpended balance remaining at the end of a biennium lapses and shall be returned to the fund from which appropriated. An appropriation made to the society for all or part of a biennium may be spent in either year of the biennium.

Sec. 19. Minnesota Statutes 1992, section 16A.72, is amended to read:

16A.72 [INCOME CREDITED TO GENERAL FUND; EXCEPTIONS.]

All income, including fees or receipts of any nature, shall be credited to the general fund, except:

(1) federal aid;

(2) contributions, or reimbursements received for any account of any division or department for which an appropriation is made by law;

(3) income to the University of Minnesota;

(4) income to revolving funds now established in institutions under the control of the commissioners of corrections or human services;

(5) investment earnings resulting from the master lease program, except that the amount credited to another fund or account may not exceed the amount of the additional expense incurred by that fund or account through participation in the master lease program;

(6) receipts from the operation of patients' and inmates' stores and vending machines, which shall be deposited in the social welfare fund in each institution for the benefit of the patients and inmates;

(7) money received in payment for services of inmate labor employed in the industries carried on in the state correctional facilities which receipts shall be credited to the current expense fund of those facilities;

(8) as provided in sections 16B.57 and 85.22; ~~or~~

(9) income to the Minnesota historical society; or

(10) as otherwise provided by law.

Sec. 20. Minnesota Statutes 1992, section 82.21, is amended by adding a subdivision to read:

Subd. 2a. [BROKER PAYMENT CONSOLIDATION.] For all license renewal fees, recovery fund renewal fees, and recovery fund assessments pursuant to this section and section 82.34, the broker must remit the fees or assessments for the company, broker, and all salespersons licensed to the broker, in the form of a single check.

Sec. 21. [138A.01] [LABOR INTERPRETIVE CENTER; BOARD OF DIRECTORS.]

Subdivision 1. [ESTABLISHMENT.] The labor interpretive center is a public corporation of the state and is not subject to the laws governing a state agency except as provided in this chapter.

Subd. 2. [PURPOSE.] The purpose of the labor interpretive center is to celebrate the contribution of working people to the past, present, and future of Minnesota; to spur an interest among the people of Minnesota in their own family and community traditions of work; to help young people discover their work skills and opportunities for a productive working life; and to advance the teaching of work and labor studies in schools and colleges.

Subd. 3. [BOARD OF DIRECTORS.] The center is governed by a board of ten directors. The membership terms, compensation, removal, and filling of vacancies of members of the board are as provided in section 15.0575. Membership of the board consists of:

(1) three directors appointed by the governor;

(2) one director appointed by the mayor of St. Paul, subject to the approval of the city council;

(3) three directors appointed by the speaker of the house of representatives; and

(4) three directors appointed by the subcommittee on committees of the senate committee on rules and administration.

Directors must be representatives of labor, business, state and local government, local education authorities, and arts groups.

The board shall select a chair of the board from its members, and any other officers of the board deemed necessary. No more than five of the members may be of one gender.

Subd. 4. [LOCATION.] The center must be located in the capital area of St. Paul as defined in section 15.50, subdivision 2, at the site recommended by the capitol area architectural and planning board.

Subd. 5. [MEETINGS OF THE BOARD.] The board shall meet at least twice a year and may hold additional meetings upon giving notice. Board meetings are subject to section 471.705.

Subd. 6. [CONFLICT OF INTEREST.] A director, employee, or officer of the center may not participate in or vote on a decision of the board relating to a matter in which the director has either a direct or indirect financial interest or a conflict of interest as described in section 10A.07.

Subd. 7. [TORT CLAIMS.] The center is a state agency for purposes of section 3.736.

Sec. 22. [138A.02] [CENTER PERSONNEL.]

Subdivision 1. [GENERALLY.] The board shall appoint an executive director of the center to serve in the unclassified service. The executive director must be chosen on the basis of training, experience, and knowledge in the areas of labor history and the changing world of work. The center shall employ staff, consultants, and other parties necessary to carry out the mission of the center.

Subd. 2. [STATUS OF EMPLOYEES.] Employees of the center are executive branch state employees.

Sec. 23. [138A.03] [POWERS; DUTIES; BOARD; CENTER.]

Subdivision 1. [GENERAL POWERS.] The board has the powers necessary for the care, management, and direction of the center. The powers include: (1) overseeing the planning and construction of the center as funds are available; (2) leasing a temporary facility for the center during development of its organization and program; and (3) establishing advisory groups as needed to advise the board on program, policy, and related issues.

Subd. 2. [DUTIES.] The center is a state agency for purposes of the following accounting and budgeting requirements:

(1) financial reports and other requirements under section 16A.06;

(2) the state budget system under sections 16A.095, 16A.10, and 16A.11;

(3) the state allotment and encumbrance, and accounting systems under sections 16A.14, subdivisions 2, 3, 4, and 5; and 16A.15, subdivisions 2 and 3; and

(4) indirect costs under section 16A.127.

Subd. 3. [PROGRAM.] The board shall appoint a program advisory group to oversee the development of the center's programming. It must consist of representatives of cultural and educational organizations, labor education specialists, and curriculum supervisors in local schools. The program of the center may be implemented through exhibits, performances, seminars, films and multimedia presentations, participatory programs for all ages, and a resource center for teachers. Collaborative program development is encouraged with technical colleges, the Minnesota historical society, and other cultural institutions.

Subd. 4. [BOARD OF GOVERNORS.] The board may establish a board of governors to incorporate as a nonprofit organization to receive donations for the center and to serve as honorary advisors to the board of directors.

Sec. 24. [138A.04] [LABOR INTERPRETIVE CENTER ACCOUNT.]

The Minnesota labor interpretive center account is an account in the special revenue fund. Funds in the account not needed for the immediate purposes of the center may be invested by the state board of investment in any way authorized by section 11A.24. Funds in the account are appropriated to the center to be used as provided in this chapter.

Sec. 25. [138A.05] [AUDITS.]

The center is subject to the auditing requirements of sections 3.971 and 3.972.

Sec. 26. [138A.06] [ANNUAL REPORTS.]

The board shall submit annual reports to the legislature on the planning, development, and activities of the center. The board shall supply more frequent reports if requested.

Sec. 27. Minnesota Statutes 1992, section 345.41, is amended to read:

345.41 [REPORT OF ABANDONED PROPERTY.]

(a) Every person holding funds or other property, tangible or intangible, presumed abandoned under sections 345.31 to 345.60 shall report annually to the commissioner with respect to the property as hereinafter provided.

(b) The report shall be verified and shall include:

(1) except with respect to traveler's checks and money orders, the name, if known, and last known address, if any, of each person appearing from the records of the holder to be the owner of any property of the value of ~~$25~~ $100 or more presumed abandoned under sections 345.31 to 345.60;

(2) in case of unclaimed funds of life insurance corporations, the full name of the policyholder, insured or annuitant and that person's last known address according to the life insurance corporation's records;

(3) the nature and identifying number, if any, or description of the property and the amount appearing from the records to be due, except that items of value under ~~$25~~ $100 each may be reported in aggregate;

(4) the date when the property became payable, demandable or returnable, and the date of the last transaction with the owner with respect to the property; and

(5) other information which the commissioner prescribes by rule as necessary for the administration of sections 345.31 to 345.60.

(c) If the person holding property presumed abandoned is a successor to other persons who previously held the property for the owner, or if the holder has changed a name while holding the property, the holder shall file with the report all prior known names and addresses of each holder of the property.

(d) The report shall be filed before November 1 of each year as of June 30 next preceding, but the report of life insurance corporations shall be filed before October 1 of each year as of December 31 next preceding. The commissioner may postpone the reporting date upon written request by any person required to file a report.

(e) If the holder of property presumed abandoned under sections 345.31 to 345.60 knows the whereabouts of the owner and if the owner's claim has not been barred by the statute of limitations, the holder shall, before filing the annual report, inform the owner of the steps necessary to prevent abandonment from being presumed.

(f) Verification, if made by a partnership, shall be executed by a partner; if made by an unincorporated association or private corporation, by an officer, and if made by a public corporation, by its chief fiscal officer.

(g) Holders of property described in section 345.32 shall not impose any charges against property which is described in section 345.32, clause (a), (b) or (c).

(h) Any person who has possession of property which the person has reason to believe will be reportable in the future as unclaimed property may, with the permission of the commissioner, report and deliver such property prior to the date required for reporting in accordance with this section.

Sec. 28. Minnesota Statutes 1992, section 345.42, subdivision 2, is amended to read:

Subd. 2. [NOTICE PUBLISHED, CONTENTS.] The published notice shall be entitled "notice of names of persons appearing to be owners of abandoned property," and shall contain:

(a) the names in alphabetical order and last known addresses, if any, of persons listed in the report and entitled to notice within the county as hereinbefore specified;

(b) a statement that information concerning the amount or description of the property and the name and address of the holder may be obtained by any persons possessing an interest in the property by addressing an inquiry to the commissioner; and

(c) a statement that if proof of claim is not presented by the owner to the holder and if the owner's right to receive the property is not established to the holder's satisfaction within 65 days from the date of the second published notice, the abandoned property will be placed not later than 85 days after such publication date in the custody of the commissioner to whom all further claims must thereafter be directed.

The commissioner is not required to publish in such notice any item of less than ~~$25~~ $100 unless the commissioner deems such publication to be in the public interest.

Sec. 29. Minnesota Statutes 1992, section 345.42, subdivision 3, is amended to read:

Subd. 3. [NOTICE MAILED, CONTENTS.] On or before April 1 of each year, the commissioner may mail a notice to each person having an address listed therein who appears to be entitled to property of the value of ~~$25~~ $100 or more presumed abandoned under sections 345.31 to 345.60. Said notice shall contain:

(a) a statement that, according to a report filed with the commissioner, property is being held to which the addressee appears entitled;

(b) the name and address of the person holding the property and any necessary information regarding changes of name and address of the holder; and

(c) a statement that, if satisfactory proof of claim is not presented by the owner to the holder by the date specified in the published notice, the property will be placed in the custody of the commissioner to whom all further claims must be directed.

Sec. 30. Minnesota Statutes 1992, section 359.01, subdivision 3, is amended to read:

Subd. 3. [FEES.] The fee for each commission shall not exceed $40. All fees shall be retained by the commissioner and shall be nonreturnable except that an overpayment of any fee shall be the subject of a refund upon proper application.

Sec. 31. Minnesota Statutes 1992, section 359.02, is amended to read:

359.02 [TERM, BOND, OATH, REAPPOINTMENT.]

~~A notary commissioned under section 359.01 holds office for six years, unless sooner removed by the governor or the district court. Before entering upon the duties of office, a newly commissioned notary shall file the notary's oath of office with the secretary of state. Within 30 days before the expiration of the commission a notary may be reappointed for a new term to commence and to be designated in the new commission as beginning upon the day immediately following the date of the expiration. The reappointment takes effect and is valid although the appointing governor may not be in the office of governor on the effective day.~~

Subdivision 1. [EXPIRATION IN 1995.] Notary commissions issued before January 3, 1995, expire on January 31, 1995.

Subd. 2. [SIX-YEAR LICENSING PERIOD.] Notary commissions issued after January 31, 1995, expire at the end of the licensing period that will end every sixth year following January 31, 1995.

Subd. 3. [PARTIAL LICENSING PERIODS.] Notary commissions issued during a licensing period expire at the end of that period as set forth in this section.

Sec. 32. Minnesota Statutes 1992, section 386.61, is amended by adding a subdivision to read:

Subd. 4. "Commissioner" means the commissioner of commerce.

Sec. 33. Minnesota Statutes 1992, section 386.65, is amended to read:

386.65 [EXAMINATION OF APPLICANTS FOR LICENSE.]

Subdivision 1. Applications for a license shall be made to the ~~board~~ commissioner and shall be upon a form to be prepared by the ~~board~~ commissioner and contain such information as may be required by it. Upon receiving such application, the ~~board~~ commissioner shall fix a time and place for the examination of such applicant. Notice of such examination shall be given to the applicant by certified mail, who shall thereon take the examination pursuant to such notice. The examination shall be conducted by the ~~board~~ commissioner under such rules as the ~~board~~ commissioner may prescribe, and such rules shall prescribe that the applicant must show qualification by experience, education or training to qualify as being capable of performing the duties of an abstracter whose work will be for the use and protection of the public. If application is made by a firm or corporation, one of the members or managing officials thereof shall take such examination. If the applicant successfully passes the examination and complies with all the provisions of sections 386.61 to 386.76, the ~~board~~ commissioner shall ~~cause its executive secretary to~~ issue a license to the applicant.

Sec. 34. Minnesota Statutes 1992, section 386.66, is amended to read:

386.66 [BOND OR ABSTRACTER'S LIABILITY INSURANCE POLICY.]

Before a license shall be issued, the applicant shall file with the ~~board~~ commissioner a bond or abstracter's liability insurance policy to be approved by the ~~chair or executive secretary~~ commissioner, running to the state of Minnesota in the penal sum of at least $100,000 conditioned for the payment by such abstracter of any damages that may be sustained by or accrue to any person by reason of or on account of any error, deficiency or mistake arising wrongfully or negligently in any abstract, or continuation thereof, or in any certificate showing ownership of, or interest in, or liens upon any lands in the state of Minnesota, whether registered or not, made by and issued by such abstracter, provided however, that the aggregate liability of the surety to all persons under such bond shall in no event exceed the amount of such bond. In any county having more than 200,000 inhabitants the bond or insurance policy required herein shall be in the penal sum of at least $250,000. Applicants having cash or securities or deposit with the state of Minnesota in an amount equal to the said bond or insurance policy shall be exempt from furnishing the bond or an insurance policy herein required but shall be liable to the same extent as if a bond or insurance policy has been given and filed. The bond or insurance policy required hereunder shall be written by some surety or other company authorized to do business in this state issuing bonds or abstracter's liability insurance policies and shall be issued for a period of one or more years, and renewed for one or more years at the date of expiration as principal continues in business. The aggregate liability of such surety on such bond or insurance policy for all damages shall, in no event, exceed the sum of said bond or insurance policy.

Sec. 35. Minnesota Statutes 1992, section 386.67, is amended to read:

386.67 [LICENSED ABSTRACTER, SEAL.]

A licensed abstracter furnishing abstracts of title to real property under the provisions hereof shall provide a seal, which seal shall show the name of such licensed abstracter, and shall file with the ~~executive secretary of the board~~ commissioner an impression of or copy made by such seal and the signatures of persons authorized to sign certificates on abstracts and continuations of abstracts and certificates showing ownership of, or interest in, or liens upon any lands in the state of Minnesota, whether registered or not, issued by such licensed abstracter.

Sec. 36. Minnesota Statutes 1992, section 386.68, is amended to read:

386.68 [FEES.]

~~For~~ The ~~services specified in sections 386.61 to 386.76~~ following fees ~~shall be set by the board~~ must be paid to the commissioner: an examination fee of $25; an initial licensing fee of $50; and a license renewal fee of $40.

Sec. 37. Minnesota Statutes 1992, section 386.69, is amended to read:

386.69 [LICENSES.]

Licenses issued by ~~said board~~ the commissioner under the provisions hereof shall recite that such bond or insurance policy has been duly filed and approved, and the license shall authorize the official, person, firm or corporation named in it to engage in and carry on the business of an abstracter of real estate titles in the county in which said official, person, firm or corporation is authorized to make abstracts. The license shall be issued for a period as determined by the ~~board~~ commissioner, and shall thereafter be renewed upon conditions prescribed by the ~~board~~ commissioner.

Sec. 38. [386.705] [ADMINISTRATIVE ACTIONS AND PENALTIES.]

An abstracter licensed under sections 386.61 to 386.76 is subject to the penalties imposed pursuant to section 45.027. The commissioner has all the powers provided in section 45.027 and shall proceed in the manner provided by that section in actions against abstracters.

Sec. 39. [386.706] [RULES.]

The commissioner may adopt rules necessary for the administration of sections 386.61 to 386.76.

Sec. 40. [TRANSFER OF POWERS.]

The powers and duties of the board of abstracters under Minnesota Statutes, sections 386.61 to 386.76 are transferred to the commissioner of commerce. Minnesota Statutes, section 15.039, subdivisions 1 to 6, apply to this transfer.

Sec. 41. [REVISOR INSTRUCTION.]

The revisor shall change the terms "board," "executive secretary," "board of abstracters," or similar terms to "commissioner," "commissioner of commerce," or similar terms wherever they appear in Minnesota Statutes and Minnesota Rules.

Sec. 42. [REPEALER.]

Minnesota Statutes 1992, sections 10A.21, subdivisions 2 and 3; 138.97; 386.61, subdivision 3; 386.63; 386.64; and 386.70, are repealed.

ARTICLE 4

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "1993," "1994," and "1995," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1993, June 30, 1994, or June 30, 1995, respectively.

	APPROPRIATIONS Available for the Year Ending June 30	
	1994	1995
Section 1. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	3,908,000	3,880,000

$3,880,000 the first year and $3,880,000 the second year is appropriated directly to the agricultural utilization research institute to recognize its autonomy as an independent entity.

$28,000 the first year is appropriated from the general fund for a grant to the southwest regional development commission to pay for the planning and final system design for connecting four rural water systems to the federal Lewis and Clark Rural Water System. Any funds not spent in the first year may be spent in the second year.

ARTICLE 5

Section 1. [CRIME PREVENTION APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "1993," "1994," and "1995," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1993, June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

	1993	1994	1995	TOTAL
General	$630,000	$ 24,327,000	$ 24,064,000	$ 49,021,000
Special Revenue		460,000	460,000	920,000
Trunk Highway		974,000	975,000	1,949,000
Environmental		40,000	40,000	80,000
TOTAL	630,000	25,801,000	25,539,000	51,970,000

	APPROPRIATIONS Available for the Year Ending June 30	
	1994	1995
Sec. 2. PUBLIC SAFETY		
Subdivision 1. Total Appropriation	25,734,000	25,472,000
Summary by Fund		
General	24,260,000	23,997,000
Special	460,000	460,000
Environmental	40,000	40,000
Trunk Highway	974,000	975,000
Subd. 2. Emergency Management		
	2,005,000	1,941,000
Summary by Fund		
General	1,965,000	1,901,000
Environmental	40,000	40,000
Subd. 3. Criminal Apprehension		
	14,647,000	14,461,000
Summary by Fund		
General	13,213,000	13,026,000
Special Revenue	460,000	460,000
Trunk Highway	974,000	975,000

$200,000 the first year and $200,000 the second year are for use by the bureau of criminal apprehension for the purpose of investigating cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium.

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

$366,000 the first year and $366,000 the second year from the bureau of criminal apprehension account in the special revenue fund are for laboratory activities.

$94,000 the first year and $94,000 the second year from the bureau of criminal apprehension account in the special revenue fund are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

$25,000 in fiscal year 1994 and $25,000 in fiscal year 1995 are appropriated from the general fund to the commissioner of public safety to reimburse local correctional agencies for costs incurred to comply with section 6.

Of this appropriation, $110,000 in fiscal year 1994 and $100,500 in fiscal year 1995 are for the implementation of the seven-day fingerprint identification service.

Of this appropriation, $174,600 in fiscal year 1994 and $152,100 in fiscal year 1995 are for the costs of addressing workload increases in maintaining the BCA's computerized criminal history data system.

Of this appropriation, $129,200 in fiscal year 1994 and $99,120 in fiscal year 1995 are for the costs of addressing workload increases in maintaining the criminal justice data communications network.

Of this appropriation, $125,000 is for the development of a community data model for state, county, and local criminal justice information systems.

$50,000 in fiscal year 1994 and $47,200 in fiscal year 1995 are appropriated from the general fund for transfer to the supreme court for the costs of addressing workload increases in maintaining the supreme court information system.

Subd. 4. Fire Marshal

2,495,000	2,481,000

Subd. 5. Capitol Security

1,420,000	1,420,000

Subd. 6. Liquor Control

636,000	636,000

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Subd. 7. Gambling Enforcement	1,131,000	1,133,000
Subd. 8. Drug Policy and Violence Prevention	1,494,000	1,494,000
Subd. 9. Crime Victims Services	1,835,000	1,835,000

Notwithstanding any other law to the contrary, the crime victims reparations board shall, to the extent possible, distribute the appropriation in equal monthly increments. In no case shall the total awards exceed the appropriation made in this subdivision.

Subd. 10. Crime Victims Ombudsman	71,000	71,000

Subd. 11. Deficiency Appropriation

$630,000 is appropriated from the general fund to the commissioner of public safety for fiscal year 1993. Of this appropriation, $545,000 is to match federal funds, for tornado damage in Southwestern Minnesota as provided by Presidential Disaster Declaration DSR946, awarded on June 22, 1992, and $85,000 is to match federal funds for winter storm damage as provided by Presidential Disaster Declaration DSR929, awarded December 26, 1991.

Sec. 3. PRIVATE DETECTIVE AND PROTECTIVE AGENT SERVICES BOARD	67,000	67,000

Sec. 4. Minnesota Statutes 1992, section 168.345, is amended by adding a subdivision to read:

Subd. 3. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] The commissioner shall impose a surcharge of 25 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning motor vehicle registrations. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.

Sec. 5. Minnesota Statutes 1992, section 171.12, is amended by adding a subdivision to read:

Subd. 8. [REQUESTS FOR INFORMATION; SURCHARGE ON FEE.] The commissioner shall impose a surcharge of 25 cents on each fee charged by the commissioner under section 13.03, subdivision 3, for copies or electronic transmittal of public information concerning driver's license and Minnesota identification card applicants. The commissioner shall forward the surcharges collected under this subdivision to the commissioner of finance on a monthly basis. Upon receipt, the commissioner of finance shall credit the surcharges to the general fund.

Sec. 6. Minnesota Statutes 1992, section 241.021, subdivision 1, is amended to read:

Subdivision 1. [SUPERVISION OVER CORRECTIONAL INSTITUTIONS.] (1) The commissioner of corrections shall inspect and license all correctional facilities throughout the state, whether public or private, established and operated for the detention and confinement of persons detained or confined therein according to law except to the extent that they are inspected or licensed by other state regulating agencies. The commissioner shall promulgate pursuant to chapter 14, rules establishing minimum standards for these facilities with respect to their management, operation, physical condition, and the security, safety, health, treatment, and discipline of persons detained or confined therein. Commencing September 1, 1980, no individual, corporation, partnership, voluntary association, or other private organization legally responsible for the operation of a correctional facility may operate the facility unless licensed by the commissioner of corrections. The commissioner shall annually review the correctional facilities described in this subdivision, except as otherwise provided herein, to determine compliance with the minimum standards established pursuant to this subdivision. The commissioner shall grant a license to any facility found to conform to minimum standards or to any facility which, in the commissioner's judgment, is making satisfactory progress toward substantial conformity and the interests and well-being of the persons detained or confined therein are protected. The commissioner shall have access to the buildings, grounds, books, records, staff, and to persons detained or confined in these facilities. The commissioner may require the officers in charge of these facilities to furnish all information and statistics the commissioner deems necessary, at a time and place designated by the commissioner. The commissioner may require that any or all such information be provided through the department of corrections detention information system.

(2) Any state agency which regulates, inspects, or licenses certain aspects of correctional facilities shall, insofar as is possible, ensure that the minimum standards it requires are substantially the same as those required by other state agencies which regulate, inspect, or license the same aspects of similar types of correctional facilities, although at different correctional facilities.

(3) Nothing in this section shall be construed to limit the commissioner of corrections' authority to promulgate rules establishing standards of eligibility for counties to receive funds under sections 401.01 to 401.16, or to require counties to comply with operating standards the commissioner establishes as a condition precedent for counties to receive that funding.

(4) When the commissioner finds that any facility described in clause (1), except foster care facilities for delinquent children and youth as provided in subdivision 2, does not substantially conform to the minimum standards established by the commissioner and is not making satisfactory progress toward substantial conformance, the commissioner shall promptly notify the chief executive officer and the governing board of the facility of the deficiencies and order that they be remedied within a reasonable period of time. The commissioner may by written order restrict the use of any facility which does not substantially conform to minimum standards to prohibit the detention of any person therein for more than 72 hours at one time. When, after due notice and hearing, the commissioner finds that any facility described in this subdivision, except county jails and lockups as provided in sections 641.26, 642.10, and 642.11, does not conform to minimum standards, or is not making satisfactory progress toward substantial compliance therewith, the commissioner may issue an order revoking the license of that facility. After revocation of its license, that facility shall not be used until its license is renewed. When the commissioner is satisfied that satisfactory progress towards substantial compliance with minimum standard is being made, the commissioner may, at the request of the appropriate officials of the affected facility supported by a written schedule for compliance, grant an extension of time for a period not to exceed one year.

(5) As used in this subdivision, "correctional facility" means any facility, including a group home, having a residential component, the primary purpose of which is to serve persons placed therein by a court, court services department, parole authority, or other correctional agency having dispositional power over persons charged with, convicted, or adjudicated to be guilty or delinquent.

Sec. 7. Minnesota Statutes 1992, section 299C.10, is amended to read:

299C.10 [IDENTIFICATION DATA.]

Subdivision 1. [LAW ENFORCEMENT DUTY.] It is hereby made the duty of the sheriffs of the respective counties and of the police officers in cities of the first, second, and third classes, under the direction of the chiefs of police in such cities, to take or cause to be taken immediately finger and thumb prints, photographs, and such other identification data as may be requested or required by the superintendent of the bureau; of all persons arrested for a felony, gross misdemeanor, of all juveniles committing felonies as distinguished from those committed by adult

offenders, of all persons reasonably believed by the arresting officer to be fugitives from justice, of all persons in whose possession, when arrested, are found concealed firearms or other dangerous weapons, burglar tools or outfits, high-power explosives, or articles, machines, or appliances usable for an unlawful purpose and reasonably believed by the arresting officer to be intended for such purposes, and within 24 hours thereafter to forward such fingerprint records and other identification data on such forms and in such manner as may be prescribed by the superintendent of the bureau of criminal apprehension.

Subd. 2. [LAW ENFORCEMENT EDUCATION.] The sheriffs and police officers who take finger and thumb prints must obtain training in the proper methods of taking and transmitting finger prints under this section consistent with bureau requirements.

Subd. 3. [BUREAU DUTY.] The bureau must enter in the criminal records system finger and thumb prints within five working days after they are received under this section.

Sec. 8. [299C.65] [CRIMINAL AND JUVENILE JUSTICE INFORMATION POLICY GROUP.]

Subdivision 1. [ESTABLISHING GROUP.] The criminal and juvenile information policy group consists of the chair of the sentencing guidelines commission, the commissioner of corrections, the commissioner of public safety, and the state court administrator.

The policy group shall study and make recommendations to the governor, the supreme court, and the legislature on:

(1) a framework for integrated criminal justice information systems, including the development and maintenance of a community data model for state, county, and local criminal justice information;

(2) the responsibilities of each entity within the criminal and juvenile justice systems concerning the collection, maintenance, dissemination, and sharing of criminal justice information with one another;

(3) actions necessary to ensure that information maintained in the criminal justice information systems is accurate and up-to-date;

(4) the development of an information system containing criminal justice information on felony-level juvenile offenders that is part of the integrated criminal justice information system framework;

(5) the development of an information system containing criminal justice information on misdemeanor arrests, prosecutions, and convictions that is part of the integrated criminal justice information system framework;

(6) comprehensive training programs and requirements for all individuals in criminal justice agencies to ensure the quality and accuracy of information in those systems;

(7) continuing education requirements for individuals in criminal justice agencies who are responsible for the collection, maintenance, dissemination, and sharing of criminal justice data;

(8) a periodic audit process to ensure the quality and accuracy of information contained in the criminal justice information systems;

(9) the equipment, training, and funding needs of the state and local agencies that participate in the criminal justice information systems;

(10) the impact of integrated criminal justice information systems on individual privacy rights; and

(11) the impact of proposed legislation on the criminal justice system, including any fiscal impact, need for training, changes in information systems, and changes in processes.

Subd. 2. [REPORT.] The policy group shall file an annual report with the governor, supreme court, and legislature by December 1 of each even-numbered year.

The report must make recommendations concerning any legislative changes or appropriations that are needed to ensure that the criminal justice information systems operate accurately and efficiently. To assist them in developing their recommendations, the chair, the commissioners, and the administrator shall appoint a task force consisting of the members of the criminal and juvenile justice information policy group or their designees and the following additional members:

(1) the director of the office of strategic and long-range planning;

(2) two sheriffs recommended by the Minnesota sheriffs association;

(3) two police chiefs recommended by the Minnesota chiefs of police association;

(4) two county attorneys recommended by the Minnesota county attorneys association;

(5) two city attorneys recommended by the Minnesota league of cities;

(6) two public defenders appointed by the board of public defense;

(7) two district judges appointed by the conference of chief judges, one of whom is currently assigned to the juvenile court;

(8) two community corrections administrators recommended by the Minnesota association of counties, one of whom represents a community corrections act county;

(9) two probation officers;

(10) two public members, one of whom has been a victim of crime;

(11) two court administrators;

(12) two members of the house of representatives appointed by the speaker of the house; and

(13) two members of the senate appointed by the majority leader.

Subd. 3. [CONTINUING EDUCATION PROGRAM.] The criminal and juvenile information policy group shall explore the feasibility of developing and implementing a continuing education program for state, county, and local criminal justice information agencies. The policy group shall consult with representatives of public and private post-secondary institutions in determining the most effective manner in which the training shall be provided. The policy group shall include recommendations in the 1994 report to the legislature.

Subd. 4. [CRIMINAL CODE NUMBERING SCHEME.] The policy group shall study and make recommendations on a structured numbering scheme for the criminal code to facilitate identification of the offense and the elements of the crime and shall include recommendations in the 1994 report to the legislature."

Renumber the sections in sequence

Correct internal references

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for community development, certain agencies of state government, and crime prevention, with certain conditions; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; eliminating or transferring certain agency powers and dutes; requiring studies and reports; amending Minnesota Statutes 1992, sections 3.30, subdivision 2; 10A.21, subdivision 1; 10A.322, subdivision 4, and by adding a subdivision; 15.50, subdivision 2; 16A.128, subdivision 2; 16A.28, by adding a subdivision; 16A.72; 82.21, by adding a subdivision; 168.345, by adding a subdivision; 171.12, by adding a subdivision; 216A.05, by adding a subdivision; 216B.62, subdivision 3; 216C.09; 237.295, subdivision 2, and by adding a subdivision; 239.011, subdivision 2; 239.10; 239.80, subdivisions 1 and 2; 241.021, subdivision 1; 298.2211, subdivision 3; 298.2213, subdivision 4; 298.223, subdivision 2; 298.28, subdivision 7; 298.296, subdivision 1; 299C.10; 345.41; 345.42, subdivisions 2 and 3; 359.01, subdivision 3; 359.02; 386.61, by adding a subdivision; 386.65; 386.66; 386.67; 386.68; 386.69; Laws 1991, chapter 345, article 1, section 23; proposing coding for new law in Minnesota Statutes, chapter 138A; 216A; 239; 299C; 386; repealing Minnesota Statutes 1992, sections 10A.21, subdivisions 2 and 3; 138.97; 216C.261; 216C.315; 216C.33; 239.52; 239.78; 386.61, subdivision 3; 386.63; 386.64; and 386.70."

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

The report was adopted.

Skoglund from the Committee on Judiciary to which was referred:

S. F. No. 419, A bill for an act relating to health care; modifying and making corrections to the health right act; amending Minnesota Statutes 1992, sections 43A.317, subdivisions 2, 7, and 10; 62A.011, subdivision 3; 62A.02, subdivision 1; 62A.65, subdivision 5; 62J.04, subdivisions 2, 3, 4, 5, 6, and 7; 62J.09, subdivisions 1, 2, and 6; 62J.15, subdivision 2; 62J.17, subdivisions 2, 4, 5, and 6; 62J.19; 62J.23; 62J.29, subdivisions 1 and 4; 62J.30, subdivisions 4, 7, 8, and 10; 62J.31, subdivisions 2 and 3; 62J.32, subdivisions 1 and 4; 62J.34, subdivisions 2 and 3; 62L.02, subdivisions 8, 11, 15, and 16, and by adding a subdivision; 62L.03, subdivisions 2 and 5; 62L.05, subdivision 10; 62L.09, subdivision 2; 62L.13, subdivisions 1, 3, and 4; 62L.14, subdivisions 1, 2, 3, 4, 5, 6, 7, and 9; 62L.15, subdivision 2; 62L.16, subdivision 5, and by adding a subdivision; 62L.17, subdivisions 1 and 4; 62L.19; 62L.20, subdivisions 1 and 2; 144.147, subdivision 4; 144.1481, subdivision 1; 144.1486; 256.045, subdivision 10; 256.9353, subdivisions 2, 6, and by adding a subdivision; 256.9354; 256.9355, subdivision 3; 256.9356, subdivision 2; 256.9357; 256B.0644; Laws 1992, chapter 549, articles 1, section 15; 2, sections 24 and 25; 3, section 24; and 4, section 18; proposing coding for new law in Minnesota Statutes, chapter 62J; repealing Minnesota Statutes 1992, sections 62J.05, subdivision 5; 62J.09, subdivision 3; and 62J.21.

Reported the same back with the following amendments to UES0419-2, the unofficial engrossment:

Page 34, after line 7, insert:

"Sec. 6. Minnesota Statutes 1992, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. [LOSS RATIO STANDARDS.] Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, a health care policy form or certificate form shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the policy form or certificate form can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the policy form or certificate form, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of policies issued in the individual market, calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. A health carrier shall demonstrate that the third-year loss ratio is greater than or equal to the applicable percentage. Assessments by the reinsurance association created in chapter 62L and any types of taxes, surcharges, or assessments created by Laws 1992, chapter 549, or created on or after April 23, 1992, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for policy

forms and certificate forms issued in the small employer market, as defined in section 62L.02, increases by one percentage point on July 1 of each year, until an 80 percent loss ratio is reached on July 1, 1998. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on July 1 of each year, until a 70 percent loss ratio is reached on July 1, 1998. Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

Notwithstanding section 645.26, any act enacted at the ~~1992~~ 1993 regular legislative session that amends or repeals section 62A.135 or that otherwise changes the loss ratios provided in that section is void.

All filings of rates and rating schedules shall demonstrate that actual expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards, and aggregate loss ratio from inception of the policy form or certificate form shall equal or exceed the appropriate loss ratio standards.

A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. An expected third-year loss ratio which is greater than or equal to the applicable percentage shall be demonstrated for policy forms or certificate forms in force less than three years. If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section, the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

Each sale of a policy or certificate that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

For purposes of this section, health care policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

For purposes of this section, (1) "health care policy" or "health care certificate" is a health plan as defined in section 62A.011; and (2) "health carrier" has the meaning given in section 62A.011 and includes all health carriers delivering or issuing for delivery health care policies or certificates in this state or offering these policies or certificates to residents of this state."

Page 35, line 8, delete "7" and insert "8"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the first semicolon insert "62A.021, subdivision 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 1025 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 334, 1503 and 419 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Carruthers, Beard and Rukavina introduced:

H. F. No. 1752, A bill for an act relating to employment; requiring employers to provide a 15 minute break every four hours of work; requiring meal breaks within 6-1/2 hours of beginning work; amending Minnesota Statutes 1992, sections 177.253, subdivision 1; and 177.254, subdivision 1.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Carruthers, Farrell, Gruenes and Rodosovich introduced:

H. F. No. 1753, A bill for an act relating to state government; administrative rulemaking; changing the membership and duties of the LCRAR; transferring the rule review functions of the office of the attorney general to the office of administrative hearings; authorizing agencies to adopt substantially different rules in certain circumstances; regulating notices of intent to solicit outside opinion, statements of need and reasonableness, and public hearing requirements; authorizing the governor to disapprove rules adopted after public hearing; eliminating the requirement that agencies review their rules and consider methods to reduce their impact on small business; appropriating money; amending Minnesota Statutes 1992, sections 3.841; 3.842, subdivision 5; 14.05, subdivision 2, and by adding a subdivision; 14.08; 14.09; 14.10; 14.115, subdivision 5; 14.131; 14.15, subdivisions 3 and 4; 14.16, subdivision 1; 14.19; 14.22, subdivision 1; 14.23; 14.25; 14.26; 14.29, subdivisions 2 and 4; 14.30; 14.32; 14.33; 14.34; 14.365; 14.47, subdivision 6; 14.48; and 14.51; proposing coding for new law in Minnesota Statutes, chapters 3 and 14; repealing Minnesota Statutes 1992, sections 14.115, subdivision 6; and 14.225.

The bill was read for the first time and referred to the Committee on Governmental Operations and Gambling.

Kahn; Knickerbocker; Reding; Johnson, R., and Bergson introduced:

H. F. No. 1754, A bill for an act relating to gambling; establishing a negotiating team to negotiate compacts on behalf of the state with governing bodies of Indian tribes under the federal Indian gaming regulatory act; amending Minnesota Statutes 1992, section 3.9221.

The bill was read for the first time and referred to the Committee on Governmental Operations and Gambling.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 44, 163, 181, 376, 225, 241, 784, 1141, 692, 703, 722 and 981.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 75, 207, 414, 737, 386, 536, 1199, 1244, 384, 560, 782 and 1400.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 44, A bill for an act relating to trusts; making certain trust provisions related to public assistance eligibility unenforceable as against public policy; clarifying availability of trusts in determining eligibility for medical assistance and other benefit programs; defining supplemental needs trusts; clarifying enforceability of supplemental needs trusts; amending Minnesota Statutes 1992, section 501B.89.

The bill was read for the first time.

Greenfield moved that S. F. No. 44 and H. F. No. 483, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 163, A bill for an act relating to crimes; modifying requirements for the dispensing of controlled substance; amending Minnesota Statutes 1992, sections 152.01, by adding a subdivision; and 152.11.

The bill was read for the first time.

Stanius moved that S. F. No. 163 and H. F. No. 573, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 181, A bill for an act relating to limited liability companies; clarifying the application of financial institution, workers' compensation, unemployment compensation, taxation, and usury laws; modifying certain powers of, and rules applicable to, limited liability companies and their members and affiliates; creating an agricultural limited liability companies task force; amending Minnesota Statutes 1992, sections 48.24, subdivisions 1, 7, and 8; 51A.02, subdivision 43; 176.011, subdivision 10; 176.041, subdivision 1a; 268.04, subdivision 9; 268.161, subdivision 9; 290.92, subdivision 1; 297A.01, subdivision 2; 302A.011, subdivision 25; 302A.161, subdivision 12; 302A.501, subdivision 1; 302A.521, subdivision 1; 302A.551, subdivision 3; 302A.673, subdivision 1; 319A.02, subdivision 7; 322B.03, subdivision 41, and by adding subdivisions; 322B.115, subdivisions 1 and 2; 322B.20, subdivisions 5, 7, 12, 14, and 21; 322B.30, subdivisions 2 and 3; 322B.306, subdivisions 1, 3, and 4; 322B.31, subdivision 3; 322B.313; 322B.316; 322B.323, subdivision 2; 322B.373, subdivision 1; 322B.54, subdivision 3; 322B.693, subdivision 1; 322B.696; 322B.699, subdivision 1; 322B.77, subdivisions 1 and 3; 322B.80, subdivision 1, and by adding a subdivision; 322B.873; 322B.91, subdivision 1; 322B.92; 322B.93; 322B.935, subdivisions 2 and 3; and 334.021; proposing coding for new law in Minnesota Statutes, chapter 322B.

The bill was read for the first time.

Rest moved that S. F. No. 181 and H. F. No. 181, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 376, A bill for an act relating to the state board of investment; management of funds under board control; amending Minnesota Statutes 1992, sections 11A.08, subdivision 4; 11A.14, subdivisions 1, 2, 4, and 5; 11A.24, subdivisions 1 and 4; 69.77, subdivision 2g; 69.775; 116P.11; 352.96, subdivision 3; 356.24, subdivision 1; and 424A.06, subdivision 4.

The bill was read for the first time.

Reding moved that S. F. No. 376 and H. F. No. 378, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 225, A bill for an act relating to worker's compensation; regulating eligibility for assigned risk plan coverage; amending Minnesota Statutes 1992, section 79.252, subdivision 1.

The bill was read for the first time.

Pugh moved that S. F. No. 225 and H. F. No. 606, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 241, A bill for an act relating to human services; modifying reimbursement procedures for group residential housing; amending Minnesota Statutes 1992, sections 256I.05, by adding a subdivision; and 256I.06.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 784, A bill for an act relating to crime; authorizing collection of fines from inmates' wages; providing that a parent of a victim of harassment who is a minor may seek a restraining order in district court; amending Minnesota Statutes 1992, sections 241.26, subdivision 5; and 609.748, subdivision 2.

The bill was read for the first time and referred to the Committee on Judiciary.

S. F. No. 1141, A bill for an act relating to cities; allowing the use of self-insurance funds or pools to satisfy statutory bond requirements; amending Minnesota Statutes 1992, section 471.981, by adding a subdivision.

The bill was read for the first time.

Mahon moved that S. F. No. 1141 and H. F. No. 1251, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 692, A bill for an act relating to insurance; workers' compensation; regulating the minimum deposit requirements for self-insurers; amending Minnesota Statutes 1992, section 79A.04, subdivision 2.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

S. F. No. 703, A bill for an act relating to drainage; defining as "repair" certain incidental straightening of tiles and use of larger tile sizes under certain circumstances; amending Minnesota Statutes 1992, section 103E.701, subdivision 1.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 722, A bill for an act relating to human services; directing the commissioner of human services to obtain federal waivers under the AFDC program; proposing coding for new law in Minnesota Statutes, chapter 256.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 981, A bill for an act relating to human services; clarifying and changing license evaluation requirements and certain restrictions on businesses providing certain adult foster care services; changing the billing cycle and collection retention for certain human services programs; modifying conditions for the Minnesota family investment plan; changing the name of the hearing impaired services act and the council for the hearing impaired; changing requirements for child protection training and clarifying maltreatment reporting; amending Minnesota Statutes 1992, sections 245A.04, subdivision 6; 256.019; 256.025, subdivision 3; 256.033, subdivision 1; 256.034, subdivision 1; 256.0361, subdivision 1; 256C.21; 256C.22; 256C.23, subdivisions 2, 3, and by adding a subdivision; 256C.24; 256C.25, subdivision 1; 256C.26; 256C.27; 256C.28; 268.871, subdivision 1; 626.556, subdivisions 10 and 11; 626.559, subdivisions 1 and 1a; and 626.5591.

The bill was read for the first time.

Gutknecht moved that S. F. No. 981 and H. F. No. 1117, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 75, A bill for an act relating to crime; eliminating need to show a child was substantially harmed by neglect; imposing a felony for neglect or endangerment that substantially harms a child's physical, mental, or emotional health; amending Minnesota Statutes 1992, section 609.378, subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary.

S. F. No. 207, A bill for an act relating to occupations and professions; boards of social work and marriage and family therapy; providing for data classifications and providing certain immunities for supervisors and persons reporting violations; changing board membership; adding certain licensing requirements to the board of social work; amending Minnesota Statutes 1992, sections 13.99, subdivision 49; 148B.04, by adding a subdivision; 148B.08, subdivision 1, and by adding a subdivision; 148B.18, subdivisions 8 and 10; 148B.19, subdivisions 1 and 2; 148B.21, subdivisions 3, 4, 5, 6, and by adding a subdivision; 148B.26, subdivision 1; 148B.27, by adding a subdivision; and 148B.28, subdivision 2.

The bill was read for the first time.

Lourey moved that S. F. No. 207 and H. F. No. 489, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 414, A bill for an act relating to transportation; providing procedures for design, approval, and construction of light rail transit; establishing corridor management committee; providing for resolution of disputes; changing membership and responsibilities of the light rail transit joint powers board; establishing an advisory council on metropolitan governance; amending Minnesota Statutes 1992, sections 174.32, subdivision 2; 473.167, subdivision 1; 473.373, subdivision 4a; 473.399, subdivision 1; 473.3993; 473.3994, subdivisions 2, 3, 4, 5, 7, and by adding subdivisions; 473.3996; 473.3997; 473.3998; 473.4051; proposing coding for new law in Minnesota Statutes, chapter 174; repealing Minnesota Statutes 1992, sections 473.399, subdivisions 2 and 3; 473.3991; 473.3994, subdivision 6; Laws 1991, chapter 291, article 4, section 20.

The bill was read for the first time.

Simoneau moved that S. F. No. 414 and H. F. No. 403, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 737, A bill for an act relating to motor vehicles; requiring vehicle owner to transfer certificate of title upon gaining ownership to motor vehicle; allowing registrar to research records before responding to phone request; amending Minnesota Statutes 1992, sections 168.10, subdivision 1; 168.34; and 168A.30, subdivision 2.

The bill was read for the first time.

Ostrom moved that S. F. No. 737 and H. F. No. 746, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 386, A bill for an act relating to drivers' licenses; raising fee for two-wheeled vehicle endorsement; amending Minnesota Statutes 1992, section 171.06, subdivision 2a.

The bill was read for the first time and referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

S. F. No. 536, A bill for an act relating to sheriffs; imposing on sheriffs a duty to investigate snowmobile accidents; amending Minnesota Statutes 1992, sections 84.86, subdivision 1; 84.872; and 387.03.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

S. F. No. 1199, A bill for an act relating to labor and employment; advisory councils; extending the expiration date of labor and employment related advisory councils; amending Minnesota Statutes 1992, sections 79.51, subdivision 4; 175.008; 178.02, subdivision 2; 182.656, subdivision 3; 268.363; and 326.41.

The bill was read for the first time.

Perlt moved that S. F. No. 1199 and H. F. No. 1187, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1244, A bill for an act relating to the Minnesota historical society; recodifying the historic sites act of 1965; proposing coding for new law in Minnesota Statutes, chapter 138; repealing Minnesota Statutes 1992, sections 138.025; 138.027; 138.52; 138.53; 138.55; 138.56; 138.58; 138.59; 138.60; 138.61; 138.62; 138.63; 138.64; 138.65; and 138.66.

The bill was read for the first time and referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

S. F. No. 384, A bill for an act relating to creditors remedies; regulating executions and garnishments; providing that executions and garnishments on child support judgments are effective until the judgments are satisfied; exempting child support payments from execution; amending Minnesota Statutes 1992, sections 550.135, subdivision 10; 550.136, subdivisions 3, 4, and 5; 550.143, subdivision 3; 550.37, subdivision 15; 551.04, subdivisions 2 and 11; 551.05, subdivision 1a; 551.06, subdivisions 3, 4, and 5; 570.025, subdivision 6; 570.026, subdivision 2; 571.72, subdivision 7; 571.73, subdivision 3; 571.912; 571.922; and 571.923.

The bill was read for the first time.

Wejcman moved that S. F. No. 384 and H. F. No. 499, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 560, A bill for an act relating to the hospital construction moratorium, extending the moratorium; amending Minnesota Statutes 1992, section 144.551, subdivision 1.

The bill was read for the first time.

Greenfield moved that S. F. No. 560 and H. F. No. 665, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 782, A bill for an act relating to health; expanding medical assistance coverage to include nutritional supplementation products; amending Minnesota Statutes 1992, section 256B.0625, subdivision 13.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 1400, A bill for an act relating to Nobles and Murray counties; permitting the consolidation of the offices of auditor and treasurer.

The bill was read for the first time.

Winter moved that S. F. No. 1400 and H. F. No. 1541, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSENT CALENDAR

H. F. No. 854, A bill for an act relating to drivers' licenses; eliminating driver's license endorsement requirement for special transportation service drivers; amending Minnesota Statutes 1992, sections 171.02, subdivision 2; 171.10, subdivision 2; and 171.13, subdivision 5; repealing Minnesota Statutes 1992, sections 171.01, subdivision 24; and 171.323.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Holsten	Lasley	Neary	Reding	Van Dellen
Anderson, I.	Davids	Hugoson	Leppik	Nelson	Rest	Vellenga
Anderson, R.	Dawkins	Huntley	Lieder	Ness	Rhodes	Vickerman
Asch	Dehler	Jacobs	Limmer	Olson, E.	Rodosovich	Wagenius
Battaglia	Delmont	Jaros	Lindner	Olson, K.	Rukavina	Waltman
Bauerly	Dempsey	Jefferson	Lourey	Olson, M.	Seagren	Weaver
Beard	Dorn	Jennings	Luther	Onnen	Sekhon	Wejcman
Bergson	Erhardt	Johnson, A.	Lynch	Opatz	Skoglund	Welle
Bertram	Evans	Johnson, R.	Macklin	Orenstein	Smith	Wenzel
Bettermann	Farrell	Johnson, V.	Mahon	Orfield	Solberg	Winter
Bishop	Frerichs	Kahn	Mariani	Osthoff	Sparby	Wolf
Blatz	Garcia	Kalis	McCollum	Ostrom	Stanius	Worke
Brown, C.	Goodno	Kelley	McGuire	Ozment	Steensma	Workman
Brown, K.	Greenfield	Kelso	Milbert	Pauly	Sviggum	Spk. Long
Carlson	Greiling	Kinkel	Molnau	Pawlenty	Swenson	
Carruthers	Gruenes	Klinzing	Morrison	Pelowski	Tomassoni	
Clark	Gutknecht	Knickerbocker	Mosel	Perlt	Tompkins	
Commers	Haukoos	Koppendrayer	Munger	Peterson	Trimble	
Cooper	Hausman	Krueger	Murphy	Pugh	Tunheim	

The bill was passed and its title agreed to.

H. F. No. 1122, A bill for an act relating to transportation; prohibiting parking in transit stops marked with a handicapped sign; establishing priority for transit in energy emergencies; requiring motor vehicles to yield to transit buses entering traffic; amending Minnesota Statutes 1992, sections 169.01, by adding a subdivision; 169.20, by adding a subdivision; 169.346, subdivision 1; and 216C.15, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Hugoson	Leppik	Nelson	Rest	Vellenga
Anderson, I.	Dawkins	Huntley	Lieder	Ness	Rhodes	Vickerman
Anderson, R.	Dehler	Jacobs	Limmer	Olson, E.	Rodosovich	Wagenius
Asch	Delmont	Jaros	Lindner	Olson, K.	Rukavina	Waltman
Battaglia	Dempsey	Jefferson	Lourey	Olson, M.	Seagren	Weaver
Bauerly	Dorn	Jennings	Luther	Onnen	Sekhon	Wejcman
Beard	Erhardt	Johnson, A.	Lynch	Opatz	Skoglund	Welle
Bergson	Evans	Johnson, R.	Macklin	Orenstein	Smith	Wenzel
Bertram	Farrell	Johnson, V.	Mahon	Orfield	Solberg	Winter
Bettermann	Frerichs	Kahn	Mariani	Osthoff	Sparby	Wolf
Blatz	Garcia	Kalis	McCollum	Ostrom	Stanius	Worke
Brown, C.	Goodno	Kelley	McGuire	Ozment	Steensma	Workman
Brown, K.	Greenfield	Kelso	Milbert	Pauly	Sviggum	Spk. Long
Carlson	Greiling	Kinkel	Molnau	Pawlenty	Swenson	
Carruthers	Gruenes	Klinzing	Morrison	Pelowski	Tomassoni	
Clark	Gutknecht	Knickerbocker	Mosel	Perlt	Tompkins	
Commers	Haukoos	Koppendrayer	Munger	Peterson	Trimble	
Cooper	Hausman	Krueger	Murphy	Pugh	Tunheim	
Dauner	Holsten	Lasley	Neary	Reding	Van Dellen	

The bill was passed and its title agreed to.

H. F. No. 1205, A bill for an act relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; providing that the law requiring that fines collected for violations of building repair orders must be used for the housing calendar consolidation projects is permanent; amending Laws 1989, chapter 328, article 2, section 17; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Hugoson	Leppik	Nelson	Rest	Vellenga
Anderson, I.	Davids	Huntley	Lieder	Ness	Rhodes	Vickerman
Anderson, R.	Dawkins	Jacobs	Limmer	Olson, E.	Rodosovich	Wagenius
Asch	Dehler	Jaros	Lindner	Olson, K.	Rukavina	Waltman
Battaglia	Delmont	Jefferson	Lourey	Olson, M.	Seagren	Weaver
Bauerly	Dempsey	Jennings	Luther	Onnen	Sekhon	Wejcman
Beard	Dorn	Johnson, A.	Lynch	Opatz	Skoglund	Welle
Bergson	Erhardt	Johnson, R.	Macklin	Orenstein	Smith	Wenzel
Bertram	Evans	Johnson, V.	Mahon	Orfield	Solberg	Winter
Bettermann	Farrell	Kahn	Mariani	Osthoff	Sparby	Wolf
Bishop	Frerichs	Kalis	McCollum	Ostrom	Stanius	Worke
Blatz	Garcia	Kelley	McGuire	Ozment	Steensma	Workman
Brown, C.	Goodno	Kelso	Milbert	Pauly	Sviggum	Spk. Long
Brown, K.	Greenfield	Kinkel	Molnau	Pawlenty	Swenson	
Carlson	Gruenes	Klinzing	Morrison	Pelowski	Tomassoni	
Carruthers	Gutknecht	Knickerbocker	Mosel	Perlt	Tompkins	
Clark	Haukoos	Koppendrayer	Munger	Peterson	Trimble	
Commers	Hausman	Krueger	Murphy	Pugh	Tunheim	
Cooper	Holsten	Lasley	Neary	Reding	Van Dellen	

The bill was passed and its title agreed to.

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

SPECIAL ORDERS

H. F. No. 994 was reported to the House.

Blatz and Solberg moved to amend H. F. No. 994, the first engrossment, as follows:

Page 6, delete section 5

Page 9, line 2, after the period, insert "This notice shall not be provided to a parent whose parental rights to the child have been terminated under section 260.221, subdivision 1."

Page 16, after line 3, insert:

"Sec. 16. [REPORT.]

The commissioner of human services shall prepare a report for the legislature which includes a comprehensive plan to assure compliance by county social services departments with the foster care and adoption placement statutes and rules. This report shall include an analysis of possible financial incentives and sanctions for county compliance. The report is due by February 15, 1994."

Renumber sections and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Asch; Bishop; Ostrom; Solberg; Brown, C.; Huntley; Neary; Krueger and McCollum moved to amend H. F. No. 994, the first engrossment, as amended, as follows:

Page 3, line 35, after "due" insert ", not sole,"

Page 6, line 21, after "due" insert ", not sole,"

Page 9, line 10, after "due" insert ", not sole,"

Page 12, line 19, after "due" insert ", not sole,"

The motion prevailed and the amendment was adopted.

H. F. No. 994, as amended, was read for the third time.

MOTION TO LAY ON THE TABLE

Mariani moved that H. F. No. 994, as amended, be laid on the table.

A roll call was requested and properly seconded.

The question was taken on the Mariani motion and the roll was called. There were 30 yeas and 91 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Jefferson	Klinzing	Pelowski	Sekhon
Bergson	Dorn	Johnson, A.	Mariani	Peterson	Solberg
Brown, K.	Evans	Kelley	Milbert	Pugh	Vellenga
Clark	Garcia	Kelso	Olson, K.	Reding	Wagenius
Cooper	Greenfield	Kinkel	Osthoff	Rice	Wejcman

Those who voted in the negative were:

Abrams	Commers	Holsten	Leppik	Munger	Pawlenty	Tompkins
Anderson, R.	Dauner	Hugoson	Lieder	Murphy	Perlt	Trimble
Asch	Davids	Huntley	Limmer	Neary	Rest	Tunheim
Battaglia	Dehler	Jacobs	Lindner	Nelson	Rhodes	Van Dellen
Bauerly	Delmont	Jennings	Lourey	Ness	Seagren	Vickerman
Beard	Dempsey	Johnson, V.	Luther	Olson, E.	Skoglund	Waltman
Bertram	Erhardt	Kahn	Lynch	Olson, M.	Smith	Weaver
Bettermann	Frerichs	Kalis	Macklin	Onnen	Sparby	Welle
Bishop	Goodno	Knickerbocker	Mahon	Opatz	Stanius	Wenzel
Blatz	Greiling	Koppendrayer	McGuire	Orenstein	Steensma	Winter
Brown, C.	Gruenes	Krinkie	Molnau	Ostrom	Sviggum	Wolf
Carlson	Gutknecht	Krueger	Morrison	Ozment	Swenson	Worke
Carruthers	Haukoos	Lasley	Mosel	Pauly	Tomassoni	Workman

The motion did not prevail.

Dawkins moved that H. F. No. 994, as amended, be re-referred to the Committee on Health and Human Services.

A roll call was requested and properly seconded.

POINT OF ORDER

Olson, K., raised a point of order pursuant to section 101, of "Mason's Manual of Legislative Procedure" relating to limiting debate to the question before the House. The Speaker ruled the point of order not well taken.

The question recurred on the Dawkins motion and the roll was called. There were 36 yeas and 90 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Jaros	Milbert	Rest	Solberg
Bauerly	Dorn	Jefferson	Olson, K.	Rice	Tomassoni
Bergson	Evans	Johnson, A.	Osthoff	Rodosovich	Vellenga
Brown, K.	Garcia	Kelley	Pelowski	Rukavina	Wagenius
Clark	Greenfield	Kinkel	Peterson	Sekhon	Wejcman
Cooper	Huntley	Mariani	Pugh	Simoneau	Spk. Long

Those who voted in the negative were:

Abrams	Dauner	Holsten	Krueger	Morrison	Pauly	Tompkins
Anderson, R.	Davids	Hugoson	Lasley	Mosel	Pawlenty	Tunheim
Asch	Dehler	Jacobs	Leppik	Munger	Perlt	Van Dellen
Battaglia	Delmont	Jennings	Lieder	Murphy	Reding	Vickerman
Beard	Dempsey	Johnson, R.	Limmer	Neary	Rhodes	Waltman
Bertram	Erhardt	Johnson, V.	Lindner	Nelson	Seagren	Weaver
Bettermann	Frerichs	Kahn	Lourey	Ness	Skoglund	Welle
Bishop	Goodno	Kalis	Luther	Olson, M.	Smith	Wenzel
Blatz	Greiling	Kelso	Lynch	Onnen	Sparby	Winter
Brown, C.	Gruenes	Klinzing	Macklin	Opatz	Stanius	Wolf
Carlson	Gutknecht	Knickerbocker	Mahon	Orenstein	Steensma	Worke
Carruthers	Haukoos	Koppendrayer	McGuire	Ostrom	Sviggum	Workman
Commers	Hausman	Krinkie	Molnau	Ozment	Swenson	

The motion did not prevail.

Solberg moved that H. F. No. 994, as amended, be re-referred to the Committee on Ways and Means.

POINT OF ORDER

Rice raised a point of order pursuant to rule 5.08 that H. F. No. 994, as amended, be re-referred to the Committee on Ways and Means. The Speaker ruled the point of order well taken and H. F. No. 994, as amended, was re-referred to the Committee on Ways and Means.

H. F. No. 287 was reported to the House.

Wagenius moved that H. F. No. 287 be continued on Special Orders. The motion prevailed.

Anderson, I., moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Anderson, I., moved that the bills on General Orders for today be continued. The motion prevailed.

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Simoneau from the Committee on Health and Human Services to which was referred:

H. F. No. 1042, A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 257.69, subdivision 1; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, and 12; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivisions 1 and 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 518.645; 548.09, subdivision 1; 548.091, subdivision 3a; 588.20; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 136A.121, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR GRANTS.] An applicant is eligible to be considered for a grant, regardless of the applicant's sex, creed, race, color, national origin, or ancestry, under sections 136A.095 to 136A.131 if the board finds that the applicant:

(1) is a resident of the state of Minnesota;

(2) is a graduate of a secondary school or its equivalent, or is 17 years of age or over, and has met all requirements for admission as a student to an eligible college or technical college of choice as defined in sections 136A.095 to 136A.131;

(3) has met the financial need criteria established in Minnesota Rules;

(4) is not in default, as defined by the board, of any federal or state student educational loan; and

(5) is not more than 30 days in arrears for any child support payments owed to a public agency responsible for child support enforcement or, if the applicant is more than 30 days in arrears, is complying with a written payment ~~plan~~ agreement or order for arrearages. An agreement must provide for a repayment of arrearages at no less than 20 percent per month of the amount of the monthly child support obligation or no less than $30 per month if there is no current monthly child support obligation. Compliance means that payments are made by the payment date.

The director and the commissioner of human services shall develop procedures to implement clause (5).

Sec. 2. Minnesota Statutes 1992, section 214.101, subdivision 1, is amended to read:

Subdivision 1. [COURT ORDER; HEARING ON SUSPENSION.] (a) For purposes of this section, "licensing board" means a licensing board or other state agency that issues an occupational license.

(b) If a licensing board receives an order from a court under section 518.551, subdivision 12, dealing with suspension of a license of a person found by the court to be in arrears in child support payments, the board shall, within 30 days of receipt of the court order, provide notice to the licensee and hold a hearing. If the board finds that the person is licensed by the board and evidence of full payment of arrearages found to be due by the court is not presented at the hearing, the board shall suspend the license unless it determines that probation is appropriate under subdivision 2. The only issues to be determined by the board are whether the person named in the court order is a licensee, whether the arrearages have been paid, and whether suspension or probation is appropriate. The board may not consider evidence with respect to the appropriateness of the court order or the ability of the person to comply with the order. The board may not lift the suspension until the licensee files with the board proof showing that the licensee is current in child support payments.

Sec. 3. Minnesota Statutes 1992, section 256.87, subdivision 1, is amended to read:

Subdivision 1. [ACTIONS AGAINST PARENTS FOR ASSISTANCE FURNISHED.] A parent of a child is liable for the amount of assistance furnished under sections 256.72 to 256.87 or under Title IV-E of the Social Security Act or medical assistance under chapter 256, 256B, or 256D to and for the benefit of the child, including any assistance furnished for the benefit of the caretaker of the child, which the parent has had the ability to pay. Ability to pay must be determined according to chapter 518. The parent's liability is limited to ~~the amount of assistance furnished during~~ the two years immediately preceding the commencement of the action, except that where child support has been previously ordered, the state or county agency providing the assistance, as assignee of the obligee, shall be entitled to judgments for child support payments accruing within ten years preceding the date of the commencement of the action up to the full amount of assistance furnished. The action may be ordered by the state agency or county agency and shall be brought in the name of the county by the county attorney of the county in which the assistance was granted, or by the state agency against the parent for the recovery of the amount of assistance granted, together with the costs and disbursements of the action.

Sec. 4. Minnesota Statutes 1992, section 256.87, subdivision 1a, is amended to read:

Subd. 1a. [CONTINUING SUPPORT CONTRIBUTIONS.] In addition to granting the county or state agency a money judgment, the court may, upon a motion or order to show cause, order continuing support contributions by a parent found able to reimburse the county or state agency. The order shall be effective for the period of time during which the recipient receives public assistance from any county or state agency and ~~for five months~~ thereafter. The order shall require support according to chapter 518. An order for continuing contributions is reinstated without further hearing upon notice to the parent by any county or state agency that assistance is again being provided for the child of the parent under sections 256.72 to 256.87 or under Title IV-E of the Social Security Act or medical assistance under chapter 256, 256B, or 256D. The notice shall be in writing and shall indicate that the parent may request a hearing for modification of the amount of support or maintenance.

Sec. 5. Minnesota Statutes 1992, section 256.87, subdivision 3, is amended to read:

Subd. 3. [CONTINUING CONTRIBUTIONS TO FORMER RECIPIENT.] The order for continuing support contributions shall remain in effect following the ~~five month~~ period after public assistance granted under sections 256.72 to 256.87 is terminated ~~if:~~

~~(a) the former recipient files an affidavit with the court within five months of the termination of assistance requesting that the support order remain in effect;~~

~~(b) the public authority serves written notice of the filing by mail on the parent responsible for making the support payments at that parent's last known address and notice that the parent may move the court under section 518.64 to modify the order respecting the amount of support or maintenance; and~~

~~(c)~~ unless the former recipient ~~authorizes use of the public authority's collection services~~ files an affidavit with the court requesting termination of the order.

Sec. 6. Minnesota Statutes 1992, section 256.87, subdivision 5, is amended to read:

Subd. 5. [CHILD NOT RECEIVING ASSISTANCE.] A ~~parent~~ person or entity having physical and legal custody of a dependent child not receiving assistance under sections 256.72 to 256.87 has a cause of action for child support against the child's absent ~~parent~~ parents. Upon an order to show cause and a motion served on the absent parent, the court shall order child support payments from the absent parent under chapter 518.

Sec. 7. Minnesota Statutes 1992, section 256.978, is amended to read:

256.978 [LOCATION OF PARENTS ~~DESERTING THEIR CHILDREN~~, ACCESS TO RECORDS.]

Subdivision 1. [REQUEST FOR INFORMATION.] The commissioner of human services, in order to ~~carry out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children~~ locate a person to establish paternity, child support, or to enforce a child support obligation in arrears, may request information reasonably necessary to the inquiry from the records of all departments, boards, bureaus, or other agencies of this state, which shall, notwithstanding the provisions of section 268.12, subdivision 12, or any other law to the contrary, provide the information necessary for this purpose. Employers ~~and~~, utility companies, insurance companies, financial institutions, and labor associations doing business in this state shall provide information reasonably necessary to the commissioner's inquiry upon written request by an agency responsible for child support enforcement regarding individuals owing or allegedly owing a duty to support. ~~A request for this information may be made to an employer when there is reasonable cause to believe that the subject of the inquiry is or was employed by the employer where the request is made. The request must include a statement that reasonable cause exists. Information to be released by utility companies is restricted to place of residence. Information to be released by employers is restricted to place of residence, employment status, and wage information.~~ Information ~~relative to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of support may be~~ requested and used or transmitted by the commissioner pursuant to the authority conferred by this section. ~~The commissioner of human services~~ may ~~make such information~~ be made available only to public officials and agencies of this state and its political subdivisions and other states of the union and their political subdivisions who are seeking to enforce the support liability of parents or to locate parents ~~who have, or appear to have, deserted their children. Any person who, pursuant to this section, obtains information from the department of revenue the confidentiality of which is protected by law shall not divulge the information except to the extent necessary for the administration of the~~ Information obtained under this section may not be released except to the extent necessary for the administration of the child support enforcement program or when otherwise authorized by law.

Subd. 2. [ACCESS TO INFORMATION.] (a) A written request for information by the public authority responsible for child support may be made to:

(1) employers when there is reasonable cause to believe that the subject of the inquiry is or was an employee of the employer. Information to be released by employers is limited to place of residence, employment status, wage information, and social security number;

(2) utility companies when there is reasonable cause to believe that the subject of the inquiry is or was a retail customer of the utility company. Customer information to be released by utility companies is limited to place of residence, home telephone, work telephone, source of income, employer and place of employment, and social security number;

(3) insurance companies when there is an arrearage of child support and there is reasonable cause to believe that the subject of the inquiry is or was receiving funds either in the form of a lump sum or periodic payments. Information to be released by insurance companies is limited to place of residence, home telephone, work telephone, employer, and amounts and type of payments made to the subject of the inquiry;

(4) labor organizations when there is reasonable cause to believe that the subject of the inquiry is or was a member of the labor association. Information to be released by labor associations is limited to place of residence, home telephone, work telephone, and current and past employment information; and

(5) financial institutions when there is an arrearage of child support and there is reasonable cause to believe that the subject of the inquiry has or has had accounts, stocks, loans, certificates of deposits, treasury bills, life insurance policies, or other forms of financial dealings with the institution. Information to be released by the financial institution is limited to place of residence, home telephone, work telephone, identifying information on the type of financial relationships, current value of financial relationships, and current indebtedness of subject with the financial institution.

(b) For purposes of this subdivision, utility companies include companies that provide electrical, telephone, natural gas, propane gas, oil, coal, or cable television services to retail customers. The term financial institution includes banks, savings and loans, credit unions, brokerage firms, mortgage companies, and insurance companies.

Subd. 3. [IMMUNITY.] A person who releases information to the public authority as authorized under this section is immune from liability for release of the information.

Sec. 8. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 5. [PATERNITY ESTABLISHMENT AND CHILD SUPPORT ORDER MODIFICATION BONUS INCENTIVES.] (a) A bonus incentive program is created to increase the number of paternity establishments and modifications of child support orders done by county child support enforcement agencies.

(b) A bonus must be awarded to a county child support agency for each child for which the agency completes a paternity establishment through judicial, administrative, or expedited processes and for each instance in which the agency reviews a case for a modification of the child support order.

(c) The rate of bonus incentive is $100 for each paternity establishment and $50 for each review for modification of a child support order.

Sec. 9. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 6. [CLAIMS FOR BONUS INCENTIVE.] (a) The commissioner of human services and the county agency shall develop procedures for the claims process and criteria using automated systems where possible.

(b) Only one county agency may receive a bonus per paternity establishment or child support order modification. The county agency making the initial preparations for the case resulting in the establishment of paternity or modification of an order is the county agency entitled to claim the bonus incentive, even if the case is transferred to another county agency prior to the time the order is established or modified.

(c) Disputed claims must be submitted to the commissioner of human services and the commissioner's decision is final.

(d) For purposes of this section, "case" means a family unit for whom the county agency is providing child support enforcement services.

Sec. 10. Minnesota Statutes 1992, section 256.979, is amended by adding a subdivision to read:

Subd. 7. [DISTRIBUTION.] (a) Bonus incentives must be issued to the county agency quarterly, within 45 days after the last day of each quarter for which a bonus incentive is being claimed, and must be paid in the order in which claims are received.

(b) Bonus incentive funds under this section must be reinvested in the county child support enforcement program and a county may not reduce funding of the child support enforcement program by the amount of the bonus earned.

(c) The county agency shall repay any bonus erroneously issued.

(d) A county agency shall maintain a record of bonus incentives claimed and received for each quarter.

Sec. 11. Minnesota Statutes 1992, section 256.9791, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY; REPORTING REQUIREMENTS.] (a) In order for a county to be eligible to claim a bonus incentive payment, the county agency must ~~report to the commissioner, no later than August 1 of each fiscal year,~~ provide the required information for each public assistance case no later than June 30 of each year to determine eligibility. The public authority shall use the information to establish for each county the number of cases ~~as of June 30 of the preceding fiscal year~~ in which (1) the court has established an obligation for coverage by the obligor, and (2) coverage was in effect as of June 30. ~~The ratio resulting when the number of cases reported under (2) is divided by the number of cases reported under (1) shall be used to determine the amount of the bonus incentive according to subdivision 4.~~

(b) A county that fails to ~~submit~~ provide the required information by ~~August 1~~ June 30 of each fiscal year is not eligible for any bonus payments under this section for that fiscal year.

Sec. 12. Minnesota Statutes 1992, section 256.9791, subdivision 4, is amended to read:

Subd. 4. [RATE OF BONUS INCENTIVE.] The rate of the bonus incentive shall be determined according to ~~paragraphs~~ paragraph (a) ~~to (c)~~.

(a) When a county agency has identified or enforced coverage ~~in up to and including 50 percent of its cases~~, the county shall receive ~~$15~~ $50 for each additional person for whom coverage is identified or enforced.

(b) ~~When a county agency has identified or enforced coverage in more than 50 percent but less than 80 percent of its cases, the county shall receive $20 for each person for whom coverage is identified or enforced.~~

~~(c) When a county agency has identified or enforced coverage in 80 percent or more of its cases, the county shall receive $25 for each person for whom coverage is identified or enforced.~~

~~(d)~~ Bonus payments according to ~~paragraphs~~ paragraph (a) ~~to (c)~~ are limited to one bonus for each covered person each time the county agency identifies or enforces previously unidentified health insurance coverage and apply only to coverage identified or enforced after July 1, 1990.

Sec. 13. [256.9792] [ARREARAGE COLLECTION PROJECTS.]

Subdivision 1. [ARREARAGE COLLECTIONS.] Arrearage collection projects are created to increase the revenue to the state and counties, reduce AFDC expenditures for former public assistance cases, and increase payments of arrearages to persons who are not receiving public assistance by submitting cases for arrearage collection to collection entities, including but not limited to, the department of revenue and private collection agencies.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following definitions apply:

(1) "public assistance arrearage case" means a case where current support may be due, no payment, with the exception of tax offset, has been made within the last 90 days, and the arrearages are assigned to the public agency pursuant to section 256.74, subdivision 5;

(2) "public authority" means the public authority responsible for child support enforcement; and

(3) "nonpublic assistance arrearage case" means a support case where arrearages have accrued that have not been assigned pursuant to section 256.74, subdivision 5.

Subd. 3. [AGENCY PARTICIPATION.] (a) The collection remedy under this section is in addition to and not in substitution for any other remedy available by law to the public authority. The public authority remains responsible for the case even after collection efforts are referred to the department of revenue, a private agency, or other collection entity.

(b) The department of revenue, a private agency, or other collection entity may not claim collections made on a case submitted by the public authority for a state tax offset under chapter 270A as a collection for the purposes of this project.

Subd. 4. [ELIGIBLE CASES.] (a) For a case to be eligible for a collection project, the criteria in paragraphs (b) and (c) must be met:

(b) Notice must be sent to the debtor, as defined in section 270A.03, subdivision 4, at the debtor's last known address at least 30 days before the date the collections effort is transferred. The notice must inform the debtor that the department of revenue or a private collections agency will use enforcement and collections remedies and may charge a fee of up to 30 percent of the arrearages. The notice must advise the debtor of the right to contest the debt on grounds limited to mistakes of fact. The debtor may contest the debt by submitting a written request for review to the public authority within 21 days of the date of the notice.

(c)(1) the arrearages owed must be based on a court or administrative order;

(2) the arrearages to be collected shall be at least $100;

(3) the arrearages must be at least 90 days past due;

(4) for nonpublic assistance cases referred to private agencies, the arrearages must be a docketed judgment under sections 548.09 and 548.091; and

(5) any case from a county participating in the collections projects meeting the criteria under this subdivision shall be submitted for collection.

Subd. 5. [COUNTY PARTICIPATION.] (a) The commissioner of human services shall designate the counties to participate in the projects, after requesting counties to volunteer for the projects.

(b) The commissioner of human services shall designate which counties shall submit cases to the department of revenue, a private collection agency, or other collection entity.

Subd. 6. [FEES.] A collection fee set by the commissioner of human services shall be charged to the person obligated to pay the arrearages. The collection fee shall be in addition to the amount owed, and shall be retained by the commissioner of revenue, a private agency, or other collection entity to cover the costs of administering the collection service.

Subd. 7. [CONTRACTS.] (a) The commissioner of human services may contract with the commissioner of revenue, private agencies, or other collection entities to implement the projects, charge fees, and exchange necessary information.

(b) The commissioner of human services may provide an advance payment to the commissioner of revenue for collection services to be repaid to the department of human services out of subsequent collection fees.

(c) Summary reports of collections, fees, and other costs charged shall be submitted monthly to the state office of child support enforcement.

Subd. 8. [REMEDIES.] (a) The commissioner of revenue is authorized to use the tax collection remedies in sections 270.06, clause (7), 270.69 to 270.72, and 290.92, subdivision 23, and tax return information to collect arrearages. The statute of limitations provisions in chapter 270 do not apply to support arrearage cases.

(b) Liens arising under paragraph (a) shall be perfected by filing a notice of lien in the office of the secretary of state. The lien may be filed as long as the time period allowed by law for collecting the arrearages has not expired. The lien shall attach to all property of the debtor within the state, both real and personal. The lien shall be enforced under the provisions in section 270.69 relating to state tax liens.

Sec. 14. Minnesota Statutes 1992, section 257.66, subdivision 3, is amended to read:

Subd. 3. [JUDGMENT; ORDER.] The judgment or order shall contain provisions concerning the duty of support, the custody of the child, the name of the child, visitation privileges with the child, the furnishing of bond or other security for the payment of the judgment, or any other matter in the best interest of the child. Custody and visitation and all subsequent motions related to them shall proceed and be determined under section 257.541. The remaining matters and all subsequent motions related to them shall proceed and be determined in accordance with chapter 518. The judgment or order may direct the appropriate party to pay all or a proportion of the reasonable expenses of the mother's pregnancy and confinement, after consideration of the relevant facts, including the relative financial means of the parents; the earning ability of each parent; and any health insurance policies held by either parent, or by a spouse or parent of the parent, which would provide benefits for the expenses incurred by the mother during her pregnancy and confinement. Remedies available for the collection and enforcement of child support apply to confinement costs and are considered additional child support.

Sec. 15. Minnesota Statutes 1992, section 257.67, subdivision 3, is amended to read:

Subd. 3. Willful failure to obey the judgment or order of the court is a ~~civil~~ contempt of the court. All remedies for the enforcement of judgments apply including those available under chapters 518 and 518C and sections ~~518C.01 to 518C.36 and~~ 256.871 to 256.878.

Sec. 16. Minnesota Statutes 1992, section 349A.08, subdivision 8, is amended to read:

Subd. 8. [WITHHOLDING OF DELINQUENT STATE TAXES OR OTHER DEBTS.] The director shall report the name, address, and social security number of each winner of a lottery prize of ~~$1,000~~ $600 or more to the department of revenue to determine whether the person who has won the prize is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5. If the person is delinquent in payment of state taxes or owes a debt as defined in section 270A.03, subdivision 5, the director shall withhold the delinquent amount from the person's prize for remittance to the department of revenue for payment of the delinquent taxes or distribution to a claimant agency in accordance with chapter 270A. Section 270A.10 applies to the priority of claims.

Sec. 17. Minnesota Statutes 1992, section 518.14, is amended to read:

518.14 [COSTS AND DISBURSEMENTS AND ATTORNEY FEES.]

In a proceeding under this chapter, the court shall award attorney fees, costs, and disbursements in an amount necessary to enable a party to carry on or contest the proceeding, provided it finds:

(1) that the fees are necessary for the good-faith assertion of the party's rights in the proceeding and will not contribute unnecessarily to the length and expense of the proceeding;

(2) that the party from whom fees, costs, and disbursements are sought has the means to pay them; and

(3) that the party to whom fees, costs, and disbursements are awarded does not have the means to pay them.

Nothing in this section precludes the court from awarding, in its discretion, additional fees, costs, and disbursements against a party who unreasonably contributes to the length or expense of the proceeding. Fees, costs, and disbursements provided for in this section may be awarded at any point in the proceeding, including a modification proceeding under sections 518.18 and 518.64. The court may adjudge costs and disbursements against either party. The court may authorize the collection of money awarded by execution, or out of property sequestered, or in any other manner within the power of the court. An award of attorney's fees made by the court during the pendency of the proceeding or in the final judgment survives the proceeding and if not paid by the party directed to pay the same may be enforced as above provided or by a separate civil action brought in the attorney's own name. If the proceeding is dismissed or abandoned prior to determination and award of attorney's fees, the court may nevertheless award attorney's fees upon the attorney's motion. The award shall also survive the proceeding and may be enforced in the same manner as last above provided.

Sec. 18. Minnesota Statutes 1992, section 518.171, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] ~~Unless the obligee has comparable or better group dependent health insurance coverage available at a more reasonable cost,~~ (a) The court shall order the obligor or obligee to name the minor child as beneficiary on any health and dental insurance plan that is comparable to or better than a number two qualified plan and available to ~~the obligor~~ either on a group basis or through an employer or union. "Health insurance coverage" as used in this section does not include medical assistance provided under chapter 256, 256B, or 256D.

(b) If the court finds that dependent health or dental insurance is not available to the obligor or obligee on a group basis or through an employer or union, or that the group insurer is not accessible to the obligee, the court may require the obligor (1) to obtain other dependent health or dental insurance, ~~or~~ (2) to be liable for reasonable and necessary medical or dental expenses of the child, or (3) to pay no less than $50 per month to be applied to the medical and dental expenses of the children or to the cost of health insurance dependent coverage.

(c) If the court finds that the available dependent health or dental insurance ~~required to be obtained by the obligor~~ does not pay all the reasonable and necessary medical or dental expenses of the child, ~~or that the dependent health or dental insurance available to the obligee does not pay all the reasonable and necessary medical or dental expenses of the child,~~ including any existing or anticipated extraordinary medical expenses, and the court finds that the obligor has the financial ability to contribute to the payment of these medical or dental expenses, the court shall require the obligor to be liable for all or a portion of the medical or dental expenses of the child not covered by the required health or dental plan. Medical and dental expenses include, but are not limited to, necessary orthodontia and eye care, including prescription lenses.

(d) If the obligor is employed by a self-insured employer subject only to the federal Employee Retirement Income Security Act (ERISA) of 1974, and the insurance benefit plan meets the above requirements, the court shall order the obligor to enroll the dependents within 30 days of the court order effective date or be liable for all medical and dental expenses occurring while coverage is not in effect. If enrollment in the ERISA plan is precluded by exclusionary clauses, the court shall order the obligor to obtain other coverage or make payments as provided in paragraph (b) or (c).

(e) Unless otherwise agreed by the parties, if the court finds that the obligee is not receiving public assistance for the child and has the financial ability to contribute to the cost of medical and dental expenses for the child, including the cost of insurance, the court may order the obligee and obligor to each assume a portion of these expenses based on their proportionate share of their total net income as defined in section 518.54, subdivision 6.

(f) Payments ordered under this section are subject to section 518.611. An obligee who fails to apply payments received to the medical expenses of the dependents may be found in contempt of this order.

Sec. 19. Minnesota Statutes 1992, section 518.171, subdivision 2, is amended to read:

Subd. 2. [SPOUSAL OR EX-SPOUSAL COVERAGE.] The court shall require the obligor to provide dependent health and dental insurance for the benefit of the obligee if it is available at no additional cost to the obligor and in this case the provisions of this section apply.

Sec. 20. Minnesota Statutes 1992, section 518.171, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYER AND OBLIGOR NOTICE.] If an individual is hired for employment, the employer may request that the individual disclose whether the individual has court-ordered medical support obligations that are required by law to be withheld from income and the terms of the court order, if any. The employer may request that the individual disclose whether the individual has been ordered by a court to provide health and dental dependent insurance coverage. The individual shall disclose this information at the time of hiring. If an individual discloses that medical support is required to be withheld, the employer shall begin withholding according to the terms of the order and pursuant to section 518.611, subdivision 8. If an individual discloses an obligation to obtain health and dental dependent insurance coverage and coverage is available through the employer, the employer shall make all application processes known to the individual upon hiring and enroll the employee and dependent in the plan pursuant to subdivision 3.

Sec. 21. Minnesota Statutes 1992, section 518.171, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION.] A copy of the court order for insurance coverage shall be forwarded to the obligor's employer or union by the obligee or the public authority responsible for support enforcement only when ordered by the court or when the following conditions are met:

(1) the obligor fails to provide written proof to the obligee or the public authority, within 30 days of ~~receiving~~ the effective ~~notice~~ date of the court order, that the insurance has been obtained or that application for insurability has been made;

(2) the obligee or the public authority serves written notice of its intent to enforce medical support on the obligor by mail at the obligor's last known post office address; and

(3) the obligor fails within 15 days after the mailing of the notice to provide written proof to the obligee or the public authority that the insurance coverage existed as of the date of mailing.

The employer or union shall forward a copy of the order to the health and dental insurance plan offered by the employer.

Sec. 22. Minnesota Statutes 1992, section 518.171, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] (a) The order is binding on the employer or union and the health and dental insurance plan when service under subdivision 3 has been made. Upon receipt of the order, or upon application of the obligor pursuant to the order, the employer or union and its health and dental insurance plan shall enroll the minor child as a beneficiary in the group insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in the insurance plan in which the obligor is enrolled or the least costly plan otherwise available to the obligor that is comparable to a number two qualified plan.

(b) An employer or union that willfully fails to comply with the order is liable for any health or dental expenses incurred by the dependents during the period of time the dependents were eligible to be enrolled in the insurance program, and for any other premium costs incurred because the employer or union willfully failed to comply with the order. An employer or union that fails to comply with the order is subject to contempt under section 41 and is also subject to a fine of $500 to be paid to the obligee or public authority. Fines paid to the public authority are designated for child support enforcement services.

(c) Failure of the obligor to execute any documents necessary to enroll the dependent in the group health and dental insurance plan will not affect the obligation of the employer or union and group health and dental insurance plan to enroll the dependent in a plan for which other eligibility requirements are met. Information and authorization provided by the public authority responsible for child support enforcement, or by the custodial parent or guardian, is valid for the purposes of meeting enrollment requirements of the health plan. The insurance coverage for a child eligible under subdivision 5 shall not be terminated except as authorized in subdivision 5.

Sec. 23. Minnesota Statutes 1992, section 518.171, subdivision 6, is amended to read:

Subd. 6. [INSURER REIMBURSEMENT; CORRESPONDENCE AND NOTICE.] (a) The signature of the custodial parent of the insured dependent is a valid authorization to the insurer for purposes of processing an insurance reimbursement payment to the provider of the medical services or to the custodial parent if medical services have been prepaid by the custodial parent.

(b) The insurer shall send copies of all correspondence regarding the insurance coverage to both parents. When an order for dependent insurance coverage is in effect and the obligor's employment is terminated, or the insurance coverage is terminated, the insurer shall notify the obligee within ten days of the termination date with notice of conversion privileges.

Sec. 24. Minnesota Statutes 1992, section 518.171, subdivision 7, is amended to read:

Subd. 7. [RELEASE OF INFORMATION.] When an order for dependent insurance coverage is in effect, the obligor's employer ~~or~~, union, or insurance agent shall release to the obligee or the public authority, upon request, information on the dependent coverage, including the name of the insurer. Notwithstanding any other law, information reported pursuant to section 268.121 shall be released to the public agency responsible for support enforcement that is enforcing an order for medical or dental insurance coverage under this section. The public agency responsible for support enforcement is authorized to release to the obligor's insurer or employer information necessary to obtain or enforce medical support.

Sec. 25. Minnesota Statutes 1992, section 518.171, subdivision 8, is amended to read:

Subd. 8. [OBLIGOR LIABILITY.] ~~The~~ (a) An obligor ~~that~~ who fails to maintain ~~the~~ medical or dental insurance for the benefit of the children as ordered ~~shall be~~ or fails to provide other medical support as ordered is liable to the obligee for any medical or dental expenses incurred from the effective date of the court order, including health and dental insurance premiums paid by the obligee because of the obligor's failure to obtain coverage as ordered. Proof of failure to maintain insurance or noncompliance with an order to provide other medical support constitutes a showing of increased need by the obligee pursuant to section 518.64 and provides a basis for a modification of the obligor's child support order.

(b) Payments for services rendered to the dependents that are directed to the obligor, in the form of reimbursement by the insurer, must be endorsed over to and forwarded to the vendor or custodial parent or public authority when the reimbursement is not owed to the obligor. An obligor retaining insurance reimbursement not owed to the obligor may be found in contempt of this order and held liable for the amount of the reimbursement. Upon written verification by the insurer of the amounts paid to the obligor, the reimbursement amount is subject to all enforcement remedies available under subdivision 10.

Sec. 26. Minnesota Statutes 1992, section 518.171, subdivision 10, is amended to read:

Subd. 10. [ENFORCEMENT.] Remedies available for the collection and enforcement of child support apply to medical support. For the purpose of enforcement, the costs of individual or group health or hospitalization coverage, dental coverage, all medical costs ordered by the court to be paid by the obligor, including health and dental insurance premiums paid by the obligee because of the obligor's failure to obtain coverage as ordered or liabilities established pursuant to subdivision 8, are additional child support.

Sec. 27. Minnesota Statutes 1992, section 518.24, is amended to read:

518.24 [SECURITY; SEQUESTRATION; CONTEMPT.]

In all cases when maintenance or support payments are ordered, the court may require sufficient security to be given for the payment of them according to the terms of the order. Upon neglect or refusal to give security, or upon failure to pay the maintenance or support, the court may sequester the obligor's personal estate and the rents and profits of real estate of the obligor, and appoint a receiver of them. The court may cause the personal estate and the rents and profits of the real estate to be applied according to the terms of the order. The obligor is presumed to have an income from a source sufficient to pay the maintenance or support order. A child support or maintenance order constitutes prima facie evidence that the obligor has the ability to pay the award. If the obligor disobeys the order, it is prima facie evidence of contempt.

Sec. 28. Minnesota Statutes 1992, section 518.54, subdivision 4, is amended to read:

Subd. 4. [SUPPORT MONEY; CHILD SUPPORT.] "Support money" or "child support" means:

(1) an award in a dissolution, legal separation, ~~or~~ annulment, or parentage proceeding for the care, support and education of any child of the marriage or of the parties to the ~~annulment~~ proceeding; or

(2) a contribution by parents ordered under section 256.87.

Sec. 29. Minnesota Statutes 1992, section 518.551, subdivision 1, is amended to read:

Subdivision 1. [SCOPE; PAYMENT TO PUBLIC AGENCY.] (a) This section applies to all proceedings involving an award of child support.

(b) The court shall direct that all payments ordered for maintenance and support be made to the public agency responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance, or has applied for child support and maintenance collection services. Public authorities responsible for child support enforcement may act on behalf of other public authorities responsible for child support enforcement. This includes the authority to represent the legal interests of or execute documents on behalf of the other public authority in connection with the establishment, enforcement, and collection of child support, maintenance, or medical support, and collection on judgments. Amounts received by the public agency responsible for child support enforcement greater than the amount granted to the obligee shall be remitted to the obligee.

Sec. 30. Minnesota Statutes 1992, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support as provided in this subdivision. The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct. The court shall approve a child support stipulation of the parties if each party is represented by independent counsel, unless the stipulation does not meet the conditions of paragraph (h). In other cases the court shall determine and order child support in a specific dollar amount in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom. The court may also order the obligor to pay child support in the form of a percentage share of the obligor's net bonuses, commissions, or other forms of compensation, in addition to, or if the obligor receives no base pay, in lieu of, an order for a specific dollar amount.

(b) The court shall derive a specific dollar amount for child support by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
~~$400~~ $550 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
~~$401 - 500~~	~~14%~~	~~17%~~	~~20%~~	~~22%~~	~~24%~~	~~26%~~	~~28%~~
~~$501 - 550~~	~~15%~~	~~18%~~	~~21%~~	~~24%~~	~~26%~~	~~28%~~	~~30%~~
$551 - 600	16%	19%	22%	25%	28%	30%	32%
$601 - 650	17%	21%	24%	27%	29%	32%	34%
$651 - 700	18%	22%	25%	28%	31%	34%	36%
$701 - 750	19%	23%	27%	30%	33%	36%	38%
$751 - 800	20%	24%	28%	31%	35%	38%	40%
$801 - 850	21%	25%	29%	33%	36%	40%	42%
$851 - 900	22%	27%	31%	34%	38%	41%	44%
$901 - 950	23%	28%	32%	36%	40%	43%	46%
$951 - 1000	24%	29%	34%	38%	41%	45%	48%
$1001- ~~4000~~ 7500 or the amount in effect under paragraph (k)	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of ~~$4,001~~ $7,501 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of ~~$4,000~~ $7,500 or the amount in effect under paragraph (k).

Net Income defined as:

Total monthly income less	*(i)	Federal Income Tax
	*(ii)	State Income Tax
	(iii)	Social Security Deductions
	(iv)	Reasonable Pension Deductions
*Standard Deductions apply- use of tax tables recommended	(v)	Union Dues
	(vi)	Cost of Dependent Health Insurance Coverage
	(vii)	Cost of Individual or Group Health/Hospitalization Coverage or an Amount for Actual Medical Expenses
	(viii)	A Child Support or Maintenance Order that is Currently Being Paid.

"Net income" does not include:

(1) the income of the obligor's spouse, but does include in-kind payments received by the obligor in the course of employment, self-employment, or operation of a business if the payments reduce the obligor's living expenses; or

(2) compensation received by a party for employment in excess of a 40-hour work week, provided that:

(i) support is nonetheless ordered in an amount at least equal to the guidelines amount based on income not excluded under this clause; and

(ii) the party demonstrates, and the court finds, that:

(A) the excess employment began after the filing of the petition for dissolution;

(B) the excess employment reflects an increase in the work schedule or hours worked over that of the two years immediately preceding the filing of the petition;

(C) the excess employment is voluntary and not a condition of employment;

(D) the excess employment is in the nature of additional, part-time or overtime employment compensable by the hour or fraction of an hour; and

(E) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation.

The court shall review the work related and education related child care costs of the custodial parent and shall allocate the costs to each parent in proportion to each parent's income after the transfer of child support. The cost of child care for purposes of this section is determined by subtracting the amount of any federal and state income tax credits available to a parent from the actual cost paid for child care. The amount allocated for child care expenses is considered child support.

~~(b)~~ (c) In addition to the child support guidelines, the court shall take into consideration the following factors in setting or modifying child support:

(1) all earnings, income, and resources of the parents, including real and personal property, but excluding income from excess employment of the obligor or obligee that meets the criteria of paragraph ~~(a)~~ (b), clause (2)(ii);

(2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

(3) the standards of living the child would have enjoyed had the marriage not been dissolved, but recognizing that the parents now have separate households;

(4) ~~the amount of the aid to families with dependent children grant for the child or children;~~

~~(5)~~ which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it; and

~~(6)~~ (5) the parents' debts as provided in paragraph ~~(c)~~ (d).

~~(c)~~ (d) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

~~(d)~~ (e) Any schedule prepared under paragraph ~~(c)~~ (d), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

~~(e)~~ (f) Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

~~(f) Where~~ (g) If payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

~~(g)~~ (h) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

~~(h)~~ (i) The guidelines in this subdivision are a rebuttable presumption and shall be used in all cases when establishing or modifying child support. If the court does not deviate from the guidelines, the court shall make written findings concerning the amount of the obligor's income used as the basis for the guidelines calculation and any other significant evidentiary factors affecting the determination of child support. If the court deviates from the guidelines, the court shall make written findings giving the reasons for the deviation and shall specifically address the criteria in paragraph (b) and how the deviation serves the best interest of the child. The provisions of this paragraph apply whether or not the parties are each represented by independent counsel and have entered into a written agreement. The court shall review stipulations presented to it for conformity to the guidelines and the court is not required to conduct a hearing, but the parties shall provide the documentation of earnings required under subdivision 5b.

(j) If the child support payments are assigned to the public agency under section 256.74, the court may not deviate downward from the child support guidelines in the establishment of a child support order unless the court specifically finds that the failure to deviate downward would impose an extreme hardship on the obligor.

(k) The dollar amount of the income limit for application of the guidelines must be adjusted on July 1 of every even-numbered year to reflect cost-of-living changes. The supreme court shall select the index for the adjustment from the indices listed in section 518.641. The state court administrator shall make the changes in the dollar amount required by this paragraph available to courts and the public on or before April 30 of the year in which the amount is to change.

Sec. 31. Minnesota Statutes 1992, section 518.551, subdivision 5b, is amended to read:

Subd. 5b. [DETERMINATION OF INCOME.] (a) The parties shall timely serve and file documentation of earnings and income. When there is a prehearing conference, the court must receive the documentation of income at least ten days prior to the prehearing conference. Documentation of earnings and income also includes, but is not limited to, pay stubs for the most recent three months, employer statements, or statement of receipts and expenses if self-employed. Documentation of earnings and income also includes copies of each parent's most recent federal tax returns, including W-2 forms, 1099 forms, unemployment compensation statements, workers' compensation statements, and all other documents evidencing income as received that provide verification of income over a longer period.

(b) In addition to the requirements of paragraph (a), at any time after an action seeking child support has been commenced or when a child support order is in effect, a party or the public authority may require the other party to give them a copy of the party's most recent federal tax returns that were filed with the Internal Revenue Service. The party shall provide a copy of the tax returns within 30 days of receipt of the request unless the request is not made in good faith. Failure of a party, without leave of the court, to provide a true and accurate copy of the tax return as required under this paragraph may be contempt of court. A request under this paragraph may not be made more than once every two years, in the absence of good cause.

(c) If a parent under the jurisdiction of the court does not appear at a court hearing after proper notice of the time and place of the hearing, the court shall set income for that parent based on credible evidence before the court or in accordance with paragraph ~~(c)~~ (d). Credible evidence may include documentation of current or recent income, testimony of the other parent concerning recent earnings and income levels, and the parent's wage reports filed with the Minnesota department of jobs and training under section 268.121.

~~(c)~~ (d) If the court finds that a parent is voluntarily unemployed or underemployed, child support shall be calculated based on a determination of imputed income. A parent is not considered voluntarily unemployed or underemployed upon a showing by the parent that the unemployment or underemployment: (1) is temporary and will ultimately lead to an increase in income; or (2) represents a bona fide career change that outweighs the adverse effect of that parent's diminished income on the child. Imputed income means the estimated earning ability of a parent based on the parent's prior earnings history, education, and job skills, and on availability of jobs within the community for an individual with the parent's qualifications. If the court is unable to determine or estimate the earning ability of a parent, the court may calculate child support based on full-time employment of 40 hours per week at the federal minimum wage or the Minnesota minimum wage, whichever is higher. If a parent is a recipient of public assistance under sections 256.72 to 256.87 or chapter 256D, or is physically or mentally incapacitated, it shall be presumed that the parent is not voluntarily unemployed or underemployed.

Sec. 32. Minnesota Statutes 1992, section 518.551, is amended by adding a subdivision to read:

Subd. 5d. [EDUCATION TRUST FUND.] If the child support order provides the child with a reasonable standard of living, the parties may agree to designate a sum of money as a trust fund for the costs of post-secondary education.

Sec. 33. Minnesota Statutes 1992, section 518.551, subdivision 7, is amended to read:

Subd. 7. [SERVICE FEE.] When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support.

An application fee ~~not to exceed~~ of $25 shall be paid by the person who applies for child support and maintenance collection services, except persons who transfer from public assistance to nonpublic assistance status. Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided. The public authority upon written notice to the obligee shall assess a fee of $25 to the person not receiving public assistance for each successful federal tax interception. The fee must be withheld prior to the release of the funds received from each interception and deposited in the general fund.

However, the limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

Sec. 34. Minnesota Statutes 1992, section 518.551, subdivision 10, is amended to read:

Subd. 10. [ADMINISTRATIVE PROCESS FOR CHILD AND MEDICAL SUPPORT ORDERS.] (a) An administrative process is established to obtain, modify, and enforce child and medical support orders and maintenance.

~~The commissioner of human services may designate counties to~~ Effective July 1, 1994, all counties shall participate in the administrative process established by this section. All proceedings for obtaining, modifying, or enforcing child and medical support orders and maintenance and adjudicating uncontested parentage proceedings, are required to be conducted in counties designated by the commissioner of human services in which the county human services agency is a party or ~~represents~~ provides services to a party or parties to the action. These actions must be conducted by an administrative law judge from the office of administrative hearings, except for the following proceedings:

(1) adjudication of contested parentage;

(2) motions to set aside a paternity adjudication or declaration of parentage;

(3) evidentiary hearing on contempt motions; and

(4) motions to sentence or to revoke the stay of a jail sentence in contempt proceedings.

(b) An administrative law judge may hear a stipulation reached on a contempt motion, but any stipulation that involves a finding of contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a district judge.

(c) For the purpose of this process, all powers, duties, and responsibilities conferred on judges of the district court to obtain and enforce child and medical support and maintenance obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue orders to show cause and to issue bench warrants for failure to appear.

(d) Before implementing the process in a county, the chief administrative law judge, the commissioner of human services, the director of the county human services agency, the county attorney, ~~and the~~ county court administrator, and county sheriff shall jointly establish procedures and the county shall provide hearing facilities for implementing this process in a county.

(e) Nonattorney employees of the public agency responsible for child support in the counties designated by the commissioner~~, acting at the direction of the county attorney,~~ may prepare, sign, serve, and file complaints and motions for obtaining, modifying, or enforcing child and medical support orders and maintenance and related documents, appear at prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law.

(f) The hearings shall be conducted under the rules of the office of administrative hearings, Minnesota Rules, parts 1400.7100 to 1400.7500, 1400.7700, and 1400.7800, as adopted by the chief administrative law judge. All other aspects of the case, including, but not limited to, pleadings, discovery, and motions, shall be conducted under the rules of family court, the rules of civil procedure, and chapter 518. The administrative law judge shall make findings of fact, conclusions, and a final decision and issue an order. Orders issued by an administrative law judge are enforceable by the contempt powers of the county and district courts.

(g) The decision and order of the administrative law judge is appealable to the court of appeals in the same manner as a decision of the district court.

(h) The commissioner of human services shall distribute money for this purpose to counties to cover the costs of the administrative process, including the salaries of administrative law judges. If available appropriations are insufficient to cover the costs, the commissioner shall prorate the amount among the counties.

Sec. 35. Minnesota Statutes 1992, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] Upon petition of an obligee or public agency responsible for child support enforcement, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support payments, the court may direct the licensing board or other licensing agency to conduct

a hearing under section 214.101 concerning suspension of the obligor's license. If the obligor is a licensed attorney, the court may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

Sec. 36. Minnesota Statutes 1992, section 518.57, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Upon a decree of dissolution, legal separation, or annulment, the court shall make a further order which is just and proper concerning the maintenance of the minor children as provided by section 518.551, and for the maintenance of any child of the parties as defined in section 518.54, as support money~~, and~~. The court may make ~~the same~~ any child support order a lien or charge upon the property of the ~~parties to the proceeding, or either of them~~ obligor, either at the time of the entry of the judgment or by subsequent order upon proper application.

Sec. 37. Minnesota Statutes 1992, section 518.57, is amended by adding a subdivision to read:

Subd. 4. [OTHER CUSTODIANS.] If a child resides with a person other than a parent and the court approves of the custody arrangement, the court may order child support payments to be made to the custodian regardless of whether the person has legal custody.

Sec. 38. Minnesota Statutes 1992, section 518.611, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF ORDER.] (a) Notwithstanding any law to the contrary, the order is binding on the employer, trustee, payor of the funds, or financial institution when service under subdivision 2 has been made. Withholding must begin no later than the first pay period that occurs after 14 days following the date of the notice. In the case of a financial institution, preauthorized transfers must occur in accordance with a court-ordered payment schedule. An employer, payor of funds, or financial institution in this state is required to withhold income according to court orders for withholding issued by other states or territories. The payor shall withhold from the income payable to the obligor the amount specified in the order and amounts required under subdivision 2 and section 518.613 and shall remit, within ten days of the date the obligor is paid the remainder of the income, the amounts withheld to the public authority. The payor shall identify on the remittance information the date the obligor is paid the remainder of the income. The obligor is considered to have paid the amount withheld as of the date the obligor received the remainder of the income. The financial institution shall execute preauthorized transfers from the deposit accounts of the obligor in the amount specified in the order and amounts required under subdivision 2 as directed by the public authority responsible for child support enforcement.

(b) Employers may combine all amounts withheld from one pay period into one payment to each public authority, but shall separately identify each obligor making payment. Amounts received by the public authority which are in excess of public assistance expended for the party or for a child shall be remitted to the party.

(c) An employer shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of a wage or salary withholding authorized by this section. The employer or other payor of funds shall be liable to the obligee for any amounts required to be withheld. A financial institution is liable to the obligee if funds in any of the obligor's deposit accounts identified in the court order equal the amount stated in the preauthorization agreement but are not transferred by the financial institution in accordance with the agreement. An employer or other payor of funds that fails to withhold or transfer funds in accordance with this section is also liable to the obligee for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld or transferred. An employer or other payor of funds is liable for reasonable attorney fees of the obligee or public authority incurred in enforcing the liability under this paragraph. An employer or other payor of funds that has failed to comply with the requirements of this section is subject to contempt sanctions under section 41.

Sec. 39. Minnesota Statutes 1992, section 518.613, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Notwithstanding any provision of section 518.611, subdivision 2 or 3, to the contrary, whenever an obligation for child support or maintenance, enforced by the public authority, is initially determined and ordered or modified by the court in a county in which this section applies, the amount of child support or maintenance ordered by the court and any fees assessed by the public authority responsible for child support enforcement must be withheld from the income, regardless of source, of the person obligated to pay the support.

Sec. 40. [518.615] [EMPLOYER CONTEMPT.]

Subdivision 1. [ORDERS BINDING.] Income withholding or medical support orders issued pursuant to sections 518.171, 518.611, and 518.613 are binding on the employer, trustee, or other payor of funds after the order and notice of income withholding or enforcement of medical support has been served on the employer, trustee, or payor of funds.

Subd. 2. [CONTEMPT ACTION.] An obligee or the public agency responsible for child support enforcement may initiate a contempt action against an employer, trustee, or payor of funds, within the action that created the support obligation, by serving an order to show cause upon the employer, trustee, or payor of funds.

The employer, trustee, or payor of funds is presumed to be in contempt:

(1) if the employer, trustee, or payor of funds has intentionally failed to withhold support after receiving the order and notice of income withholding or notice of enforcement of medical support; or

(2) upon presentation of pay stubs or similar documentation showing the employer, trustee, or payor of funds withheld support and demonstration that the employer, trustee, or payor of funds intentionally failed to remit support to the agency responsible for child support enforcement.

Subd. 3. [LIABILITY.] The employer, trustee, or payor of funds is liable to the obligee or the agency responsible for child support enforcement for any amounts required to be withheld that were not paid. The court may enter judgment against the employer, trustee, or payor of funds for support not withheld or remitted. The court may also impose contempt sanctions under chapter 588.

Sec. 41. Minnesota Statutes 1992, section 518.64, subdivision 1, is amended to read:

Subdivision 1. After an order for maintenance or support money, temporary or permanent, or for the appointment of trustees to receive property awarded as maintenance or support money, the court may from time to time, on motion of either of the parties, a copy of which is served on the public authority responsible for child support enforcement if payments are made through it, or on motion of the public authority responsible for support enforcement, modify the order respecting the amount of maintenance or support money, and the payment of it, and also respecting the appropriation and payment of the principal and income of property held in trust, and may make an order respecting these matters which it might have made in the original proceeding, except as herein otherwise provided. A party or the public authority also may bring a motion for contempt of court if the obligor is in arrears in support or maintenance payments.

Sec. 42. Minnesota Statutes 1992, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] (a) The terms of an order respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party or the child or children that are the subject of these proceedings; (3) receipt of assistance under sections 256.72 to 256.87; ~~or~~ (4) a change in the cost of living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair; or (5) extraordinary medical expenses of the child not provided for under section 518.171.

It is presumed that there has been a substantial change in circumstances under clause (1), (2), or (4) and the terms of a current support order shall be rebuttably presumed to be unreasonable and unfair if the application of the child support guidelines in section 518.551, subdivision 5, to the current circumstances of the parties results in a calculated court order that is at least 20 percent and at least $50 per month higher or lower than the current support order.

(b) On a motion for modification of maintenance, including a motion for the extension of the duration of a maintenance award, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court:

(1) shall apply section 518.551, subdivision 5, and shall not consider the financial circumstances of each party's spouse, if any; and

(2) shall not consider compensation received by a party for employment in excess of a 40-hour work week, provided that the party demonstrates, and the court finds, that:

(i) the excess employment began after entry of the existing support order;

(ii) the excess employment is voluntary and not a condition of employment;

(iii) the excess employment is in the nature of additional, part-time employment, or overtime employment compensable by the hour or fractions of an hour;

(iv) the party's compensation structure has not been changed for the purpose of affecting a support or maintenance obligation;

(v) in the case of an obligor, current child support payments are at least equal to the guidelines amount based on income not excluded under this clause; and

(vi) in the case of an obligor who is in arrears in child support payments to the obligee, any net income from excess employment must be used to pay the arrearages until the arrearages are paid in full.

(c) A modification of support or maintenance may be made retroactive only with respect to any period during which the petitioning party has pending a motion for modification but only from the date of service of notice of the motion on the responding party and on the public authority if public assistance is being furnished or the county attorney is the attorney of record. However, modification may be applied to an earlier period if the court makes express findings that the party seeking modification was precluded from serving a motion by reason of a significant physical or mental disability, a material misrepresentation of another party, or fraud upon the court and that the party seeking modification, when no longer precluded, promptly served a motion.

(d) Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state, including motions under section 518.145, subdivision 2. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

(e) The court need not hold an evidentiary hearing on a motion for modification of maintenance or support.

(f) Section 518.14 shall govern the award of attorney fees for motions brought under this subdivision.

Sec. 43. Minnesota Statutes 1992, section 518.64, subdivision 5, is amended to read:

Subd. 5. [FORM.] The department of human services shall prepare and make available to courts, obligors and persons to whom child support is owed a form to be submitted by the obligor or the person to whom child support is owed in support of a motion for a modification of an order for support or maintenance or for contempt of court. The rulemaking provisions of chapter 14 shall not apply to the preparation of the form.

Sec. 44. Minnesota Statutes 1992, section 518.64, subdivision 6, is amended to read:

Subd. 6. [EXPEDITED PROCEDURE.] (a) The public authority may seek a modification of the child support order in accordance with the rules of civil procedure or under the expedited procedures in this subdivision.

(b) The public authority may serve the following documents upon the obligor either by certified mail or in the manner provided for service of ~~a summons~~ other pleadings under the rules of civil procedure:

(i) a notice of its application for modification of the obligor's support order stating the amount and effective date of the proposed modification which date shall be no sooner than 30 days from the date of service;

(ii) an affidavit setting out the basis for the modification under subdivision 2, including evidence of the current income of the parties;

(iii) any other documents the public authority intends to file with the court in support of the modification;

(iv) the proposed order;

(v) notice to the obligor that if the obligor fails to move the court and request a hearing on the issue of modification of the support order within 30 days of service of the notice of application for modification, the public authority will likely obtain an order, ex parte, modifying the support order; and

(vi) an explanation to the obligor of how a hearing can be requested, together with a motion for review form that the obligor can complete and file with the court to request a hearing.

(c) If the obligor moves the court for a hearing, any modification must be stayed until the court has had the opportunity to determine the issue. Any modification ordered by the court is effective on the date set out in the notice of application for modification, but no earlier than 30 days following the date the obligor was served.

(d) If the obligor fails to move the court for hearing within 30 days of service of the notice, the public authority shall file with the court a copy of the notice served on the obligor as well as all documents served on the obligor, proof of service, and a proposed order modifying support.

(e) If, following judicial review, the court determines that the procedures provided for in this subdivision have been followed and the requested modification is appropriate, the order shall be signed ex parte and entered.

(f) Failure of the court to enter an order under this subdivision does not prejudice the right of the public authority or either party to seek modification in accordance with the rules of civil procedure.

(g) The supreme court shall develop standard forms for the notice of application of modification of the support order, the supporting affidavit, the obligor's responsive motion, and proposed order granting the modification.

Sec. 45. [518.585] [NOTICE OF INTEREST ON LATE CHILD SUPPORT.]

Any judgment or decree of dissolution or legal separation containing a requirement of child support and any determination of parentage, order under chapter 518C, order under section 256.87, or order under section 260.251 must include a notice to the parties that section 49 provides for interest to begin accruing on a payment or installment of child support whenever the unpaid amount due is greater than the current support due.

Sec. 46. Minnesota Statutes 1992, section 519.11, is amended to read:

519.11 [ANTENUPTIAL ~~CONTRACT~~ AND POSTNUPTIAL CONTRACTS.]

Subdivision 1. [ANTENUPTIAL CONTRACT.] A man and woman of legal age may enter into an antenuptial contract or settlement prior to solemnization of marriage which shall be valid and enforceable if (a) there is a full and fair disclosure of the earnings and property of each party, and (b) the parties have had an opportunity to consult with legal counsel of their own choice. An antenuptial contract or settlement made in conformity with this section may determine what rights each party has in the nonmarital property, defined in section 518.54, subdivision 5, clauses (a) to (d), upon dissolution of marriage, legal separation or after its termination by death and may bar each other of all rights in the respective estates not so secured to them by their agreement. This section shall not be construed to make invalid or unenforceable any antenuptial agreement or settlement made and executed in conformity with this section because the agreement or settlement covers or includes marital property, if the agreement or settlement would be valid and enforceable without regard to this section.

Subd. 1a. [POSTNUPTIAL CONTRACT.] (a) Spouses who are legally married under the laws of this state may enter into a postnuptial contract or settlement which is valid and enforceable if it:

(1) complies with the requirements for antenuptial contracts or settlements in this section and in the law of this state, including, but not limited to, the requirement that it be procedurally and substantively fair and equitable both at the time of its execution and at the time of its enforcement; and

(2) complies with the requirements for postnuptial contracts or settlements in this section.

(b) A postnuptial contract or settlement that conforms with this section may determine all matters that may be determined by an antenuptial contract or settlement under the law of this state, except that a postnuptial contract or settlement may not determine the rights of any child of the spouses to child support from either spouse.

(c) A postnuptial contract or settlement is valid and enforceable only if at the time of its execution each spouse is represented by separate legal counsel.

(d) A postnuptial contract or settlement is valid and enforceable only if at the time of its execution each of the spouses entering into the contract or settlement has marital property titled in that spouse's name, nonmarital property, or a combination of marital property titled in that spouse's name and nonmarital property with a total value exceeding $1,200,000.

(e) A postnuptial contract or settlement is not valid or enforceable if either party commences an action for a legal separation or dissolution within two years of the date of its execution.

Subd. 2. [WRITING; EXECUTION.] Antenuptial or postnuptial contracts or settlements shall be in writing, executed in the presence of two witnesses and acknowledged by the parties, executing the same before any officer or person authorized to administer an oath under the laws of this state. ~~The agreement~~ An antenuptial contract must be entered into and executed prior to the day of solemnization of marriage.

Subd. 2a. [AMENDMENT OR REVOCATION.] An antenuptial contract or settlement may be amended or revoked after the marriage of the parties only by a valid postnuptial contract or settlement which complies with this section and with the laws of this state. A postnuptial contract or settlement may be amended or revoked only by a later, valid postnuptial contract or settlement which complies with this section and with the laws of this state.

Subd. 3. [FILING; RECORDING.] An antenuptial or postnuptial contract or settlement which by its terms conveys or determines what rights each has in the other's real property and sets forth the legal description of the real estate granted or affected by the agreement may be filed or recorded in every county where any real estate so described is situated, in the office of the county recorder for the county or in any public office authorized to receive a deed, assignment or other instrument affecting the real estate, for filing or recording.

Subd. 4. [EFFECT OF RECORDING.] Any antenuptial or postnuptial contract or settlement not recorded in the office of the county recorder or other public office authorized to receive the document, where the real property is located, shall be void as against any subsequent purchaser in good faith and for a valuable consideration of the same real property, or any part thereof, whose conveyance is first duly recorded, and as against any attachment levied thereon or any judgment lawfully obtained at the suit of any party against the person in whose name the title to the property appears of record prior to recording of the conveyance.

Subd. 5. [EVIDENCE; BURDEN OF PROOF.] An antenuptial or postnuptial contract or settlement duly acknowledged and attested shall be prima facie proof of the matters acknowledged therein and as to those matters, the burden of proof shall be and rest upon the person contesting the same.

Subd. 6. [EFFECTIVE DATE.] This section shall apply to all antenuptial contracts and settlements executed on or after August 1, 1979, and shall apply to all postnuptial contracts and settlements executed on or after August 1, 1993.

Subd. 7. [EFFECT OF SECTIONS 519.01 TO 519.101.] Nothing in sections 519.01 to 519.101, shall be construed to affect antenuptial or postnuptial contracts or settlements.

Sec. 47. Minnesota Statutes 1992, section 548.09, subdivision 1, is amended to read:

Subdivision 1. [DOCKETING; SURVIVAL OF JUDGMENT.] Except as provided in section 548.091, every judgment requiring the payment of money shall be docketed by the court administrator upon its entry. Upon a transcript of the docket being filed with the court administrator in any other county, the court administrator shall also docket it. From the time of docketing the judgment is a lien, in the amount unpaid, upon all real property in the county then or thereafter owned by the judgment debtor, but it is not a lien upon registered land unless it is also filed pursuant to sections 508.63 and 508A.63. The judgment survives, and the lien continues, for ten years after its entry. An action to renew a child support judgment may be served by first class mail at the last known address of the debtor.

Sec. 48. Minnesota Statutes 1992, section 548.091, subdivision 1a, is amended to read:

Subd. 1a. [CHILD SUPPORT JUDGMENT BY OPERATION OF LAW.] Any payment or installment of support required by a judgment or decree of dissolution or legal separation, determination of parentage, an order under chapter 518C, an order under section 256.87, or an order under section 260.251, that is not paid or withheld from the obligor's income as required under section 518.611 or 518.613, is a judgment by operation of law on and after the date

it is due and is entitled to full faith and credit in this state and any other state. Interest accrues at an annual rate of ten percent from the date the ~~judgment on the payment or installment is entered and docketed under subdivision 3a, at the annual rate provided in section 549.09, subdivision 1~~ unpaid amount due is greater than the current support due. A payment or installment of support that becomes a judgment by operation of law between the date on which a party served notice of a motion for modification under section 518.64, subdivision 2, and the date of the court's order on modification may be modified under that subdivision.

Sec. 49. Minnesota Statutes 1992, section 548.091, subdivision 3a, is amended to read:

Subd. 3a. [ENTRY, DOCKETING, AND SURVIVAL OF CHILD SUPPORT JUDGMENT.] Upon receipt of the documents filed under subdivision 2a, the court administrator shall enter and docket the judgment in the amount of the default specified in the affidavit of default. From the time of docketing, the judgment is a lien upon all the real property in the county owned by the judgment debtor. The judgment survives and the lien continues for ten years after the date the judgment was docketed. An action to renew a child support judgment may be served by first class mail at the last known address of the debtor.

Sec. 50. Minnesota Statutes 1992, section 588.20, is amended to read:

588.20 [CRIMINAL CONTEMPTS.]

Every person who shall commit a contempt of court, of any one of the following kinds, shall be guilty of a misdemeanor:

(1) Disorderly, contemptuous, or insolent behavior, committed during the sitting of the court, in its immediate view and presence, and directly tending to interrupt its proceedings, or to impair the respect due to its authority;

(2) Behavior of like character in the presence of a referee, while actually engaged in a trial or hearing, pursuant to an order of court, or in the presence of a jury while actually sitting for the trial of a cause, or upon an inquest or other proceeding authorized by law;

(3) Breach of the peace, noise, or other disturbance directly tending to interrupt the proceedings of a court, jury, or referee;

(4) Willful disobedience to the lawful process or other mandate of a court;

(5) Resistance willfully offered to its lawful process or other mandate;

(6) Contumacious and unlawful refusal to be sworn as a witness, or, after being sworn, to answer any legal and proper interrogatory;

(7) Publication of a false or grossly inaccurate report of its proceedings; or

(8) Willful failure to pay court-ordered child support when the obligor has the ability to pay.

No person shall be punished as herein provided for publishing a true, full, and fair report of a trial, argument, decision, or other proceeding had in court.

Sec. 51. Minnesota Statutes 1992, section 595.02, subdivision 1, is amended to read:

Subdivision 1. [COMPETENCY OF WITNESSES.] Every person of sufficient understanding, including a party, may testify in any action or proceeding, civil or criminal, in court or before any person who has authority to receive evidence, except as provided in this subdivision:

(a) A husband cannot be examined for or against his wife without her consent, nor a wife for or against her husband without his consent, nor can either, during the marriage or afterwards, without the consent of the other, be examined as to any communication made by one to the other during the marriage. This exception does not apply to a civil action or proceeding by one against the other, nor to a criminal action or proceeding for a crime committed by one against the other or against a child of either or against a child under the care of either spouse, nor to a criminal action or proceeding in which one is charged with homicide or an attempt to commit homicide and the date of the marriage of the defendant is subsequent to the date of the offense, nor to an action or proceeding for nonsupport, neglect, dependency, or termination of parental rights.

(b) An attorney cannot, without the consent of the attorney's client, be examined as to any communication made by the client to the attorney or the attorney's advice given thereon in the course of professional duty; nor can any employee of the attorney be examined as to the communication or advice, without the client's consent.

(c) An attorney employed by, under contract to, or representing a public authority in connection with a child support enforcement program cannot, without the consent of an individual applying for child support services or the consent of an AFDC recipient whose right to support has been assigned, be examined as to any communication made by the individual applicant or the AFDC recipient to the attorney, or communications made by the attorney to the individual applicant or the AFDC recipient in the course of the attorney's representation of the public authority in connection with a child support enforcement program; nor can an employee of the attorney be examined as to the communication, without the consent of the individual applicant or the AFDC recipient.

~~(c)~~ (d) A member of the clergy or other minister of any religion shall not, without the consent of the party making the confession, be allowed to disclose a confession made to the member of the clergy or other minister in a professional character, in the course of discipline enjoined by the rules or practice of the religious body to which the member of the clergy or other minister belongs; nor shall a member of the clergy or other minister of any religion be examined as to any communication made to the member of the clergy or other minister by any person seeking religious or spiritual advice, aid, or comfort or advice given thereon in the course of the member of the clergy's or other minister's professional character, without the consent of the person.

~~(d)~~ (e) A licensed physician or surgeon, dentist, or chiropractor shall not, without the consent of the patient, be allowed to disclose any information or any opinion based thereon which the professional acquired in attending the patient in a professional capacity, and which was necessary to enable the professional to act in that capacity; after the decease of the patient, in an action to recover insurance benefits, where the insurance has been in existence two years or more, the beneficiaries shall be deemed to be the personal representatives of the deceased person for the purpose of waiving this privilege, and no oral or written waiver of the privilege shall have any binding force or effect except when made upon the trial or examination where the evidence is offered or received.

~~(e)~~ (f) A public officer shall not be allowed to disclose communications made to the officer in official confidence when the public interest would suffer by the disclosure.

~~(f)~~ (g) Persons of unsound mind and persons intoxicated at the time of their production for examination are not competent witnesses if they lack capacity to remember or to relate truthfully facts respecting which they are examined.

~~(g)~~ (h) A registered nurse, psychologist or consulting psychologist shall not, without the consent of the professional's client, be allowed to disclose any information or opinion based thereon which the professional has acquired in attending the client in a professional capacity, and which was necessary to enable the professional to act in that capacity.

~~(h)~~ (i) An interpreter for a person handicapped in communication shall not, without the consent of the person, be allowed to disclose any communication if the communication would, if the interpreter were not present, be privileged. For purposes of this section, a "person handicapped in communication" means a person who, because of a hearing, speech or other communication disorder, or because of the inability to speak or comprehend the English language, is unable to understand the proceedings in which the person is required to participate. The presence of an interpreter as an aid to communication does not destroy an otherwise existing privilege.

~~(i)~~ (j) Licensed chemical dependency counselors shall not disclose information or an opinion based on the information which they acquire from persons consulting them in their professional capacities, and which was necessary to enable them to act in that capacity, except that they may do so:

(1) when informed consent has been obtained in writing, except in those circumstances in which not to do so would violate the law or would result in clear and imminent danger to the client or others;

(2) when the communications reveal the contemplation or ongoing commission of a crime; or

(3) when the consulting person waives the privilege by bringing suit or filing charges against the licensed professional whom that person consulted.

~~(j)~~ (k) A parent or the parent's minor child may not be examined as to any communication made in confidence by the minor to the minor's parent. A communication is confidential if made out of the presence of persons not members of the child's immediate family living in the same household. This exception may be waived by express consent to disclosure by a parent entitled to claim the privilege or by the child who made the communication or by failure of the child or parent to object when the contents of a communication are demanded. This exception does not apply to a civil action or proceeding by one spouse against the other or by a parent or child against the other, nor to a proceeding to commit either the child or parent to whom the communication was made or to place the person or property or either under the control of another because of an alleged mental or physical condition, nor to a criminal action or proceeding in which the parent is charged with a crime committed against the person or property of the communicating child, the parent's spouse, or a child of either the parent or the parent's spouse, or in which a child is charged with a crime or act of delinquency committed against the person or property of a parent or a child of a parent, nor to an action or proceeding for termination of parental rights, nor any other action or proceeding on a petition alleging child abuse, child neglect, abandonment or nonsupport by a parent.

~~(k)~~ (l) Sexual assault counselors may not be compelled to testify about any opinion or information received from or about the victim without the consent of the victim. However, a counselor may be compelled to identify or disclose information in investigations or proceedings related to neglect or termination of parental rights if the court determines good cause exists. In determining whether to compel disclosure, the court shall weigh the public interest and need for disclosure against the effect on the victim, the treatment relationship, and the treatment services if disclosure occurs. Nothing in this clause exempts sexual assault counselors from compliance with the provisions of sections 626.556 and 626.557.

"Sexual assault counselor" for the purpose of this section means a person who has undergone at least 40 hours of crisis counseling training and works under the direction of a supervisor in a crisis center, whose primary purpose is to render advice, counseling, or assistance to victims of sexual assault.

~~(l)~~ (m) A person cannot be examined as to any communication or document, including worknotes, made or used in the course of or because of mediation pursuant to an agreement to mediate. This does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because of this paragraph. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.

~~(m)~~ (n) A child under ten years of age is a competent witness unless the court finds that the child lacks the capacity to remember or to relate truthfully facts respecting which the child is examined. A child describing any act or event may use language appropriate for a child of that age.

Sec. 52. Minnesota Statutes 1992, section 609.375, subdivision 1, is amended to read:

Subdivision 1. Whoever is legally obligated to provide care and support to a spouse who is in necessitous circumstances, or child, whether or not its custody has been granted to another, and knowingly omits and fails without lawful excuse to do so is guilty of ~~nonsupport of the spouse or child, as the case may be~~ a misdemeanor, and upon conviction ~~thereof~~ may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than ~~$300~~ $700, or both.

Sec. 53. Minnesota Statutes 1992, section 609.375, subdivision 2, is amended to read:

Subd. 2. If the ~~knowing omission and failure without lawful excuse to provide care and support to a spouse, a minor child, or a pregnant wife~~ violation of subdivision 1 continues for a period in excess of 90 days the person is guilty of a ~~felony~~ gross misdemeanor and may be sentenced to imprisonment for not more than ~~five years~~ one year or to payment of a fine of not more than $3,000, or both.

Sec. 54. [INCOME WITHHOLDING; SINGLE CHECK SYSTEM CENTRAL DEPOSITORY OR OTHER FISCAL AGENT.]

The commissioner of human services, in consultation with county child support enforcement agencies and other persons with relevant expertise, shall study and make recommendations on: (1) the feasibility of establishing a single check system under which employers who are implementing income withholding may make one combined payment for payments due to public authorities to one public authority or to the commissioner of human services; and (2) the feasibility of establishing a central depository or designating a fiscal agent for receipt of child support payments. The commissioner shall estimate the cost of the single check system and use of a central depository or fiscal agent and the level of fees that would be necessary to make them self-supporting. The commissioner shall report to the legislature by January 15, 1995.

Sec. 55. [ADMINISTRATIVE PROCESS FOR CHILD SUPPORT.]

The commissioner of human services, in consultation with the commissioner's advisory committee for child support enforcement, shall develop and implement a plan to restructure the administrative process for setting, modifying, and enforcing child support under Minnesota Statutes, section 518.551, subdivision 10. The plan shall implement a state-administered administrative process that is simple, streamlined, informal, uniform throughout the state, and accessible to parties without counsel no later than July 1, 1994.

Sec. 56. [PURPOSE.]

The purpose of the amendment to Minnesota Statutes 1992, section 518.64, subdivision 2, paragraph (a), dealing with the presumption of a substantial change in circumstances and self-limited income, is to conform to Code of Federal Regulations, title 42, section 303.8(d)(2).

Sec. 57. [REPEALER.]

(a) Minnesota Statutes 1992, section 256.979, is repealed.

(b) Minnesota Statutes 1992, section 609.37, is repealed.

Sec. 58. [EFFECTIVE DATE; APPLICATION.]

(a) Except as otherwise provided in this section, this act is effective August 1, 1993.

(b) Sections 18, 19, and 30 apply to child support and medical support orders entered or modified on or after the effective date.

(c) Sections 50, 52, 53, and 57, paragraph (b), are effective August 1, 1993, and apply to crimes committed on or after that date.

(d) Sections 33 and 34 are effective January 1, 1994.

(e) The provisions of sections 47 and 49 extending the length of child support judgments from ten years to 20 years apply to judgments entered on or after the effective date."

Delete the title and insert:

"A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37."

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

The report was adopted.

Simoneau from the Committee on Health and Human Services to which was referred:

H. F. No. 1073, A bill for an act relating to health; expanding medical assistance coverage to include nutritional supplementation products; amending Minnesota Statutes 1992, section 256B.0625, subdivision 13.

Reported the same back with the following amendments:

Page 3, line 2, after the comma insert "vitamins for adults with documented vitamin deficiencies,"

Page 3, lines 10 to 17, strike the old language and delete the new language

Page 3, line 18, delete "(iv)" and insert "(iii)"

Page 3, line 19, delete "(v)" and insert "(iv)"

Page 3, strike lines 20 to 24

Page 3, line 25, strike everything before "Payment"

Page 5, after line 26, insert:

"Sec. 2. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 32. [NUTRITIONAL PRODUCTS.] (a) Medical assistance covers nutritional products needed for nutritional supplementation because solid food or nutrients thereof cannot be properly absorbed by the body or needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow's milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities. Payment for dietary requirements is a component of the per diem rate paid to these facilities.

(b) The commissioner shall designate a nutritional supplementation products advisory committee to advise the commissioner on nutritional supplementation products for which payment is made. The committee shall consist of nine members, one of whom shall be a physician, one of whom shall be a pharmacist, two of whom shall be registered dieticians, one of whom shall be a public health nurse, one of whom shall be a representative of a home health care agency, one of whom shall be a provider of long-term care services, and two of whom shall be consumers of nutritional supplementation products. Committee members shall serve two-year terms and shall serve without compensation.

(c) The advisory committee shall review and recommend nutritional supplementation products which require prior authorization. The commissioner shall develop procedures for the operation of the advisory committee so that the advisory committee operates in a manner parallel to the drug formulary committee."

Amend the title as follows:

Page 1, line 5, before the period insert ", and by adding a subdivision"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Health and Human Services to which was referred:

H. F. No. 1178, A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not

provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for voluntary commitments by health plans and providers to limit the rate of growth in total revenues; permitting expedited rulemaking; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 60A.02, subdivision 1a; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.09, subdivisions 2, 5, and 8; 62J.15, subdivisions 1 and 2; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, and 7; 62J.33; 62L.02, subdivisions 16, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 4 and 6; 62L.09, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2 and 5; 136A.1357, subdivisions 1 and 4; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.1484, subdivisions 1 and 2; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9353, subdivisions 2, 3, 5, and 6; 256.9657, subdivision 3; 295.50, subdivisions 3, 4, 7, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivision 1; 295.55, subdivision 4; 295.58; and 295.59; proposing coding for new law in Minnesota Statutes, chapters 16B; 62J; 62N; 62O; 256; and 295; repealing Minnesota Statutes 1992, sections 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; and Laws 1992, chapter 549, article 9, section 19, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INTEGRATED SERVICE NETWORKS

Section 1. [62N.01] [CITATION AND PURPOSE.]

Subdivision 1. [CITATION.] Sections 62N.01 to 62N.24 may be cited as the "Minnesota integrated service network act."

Subd. 2. [PURPOSE.] Sections 62N.01 to 62N.24 allow the creation of integrated service networks that will be responsible for arranging for or delivering a full array of health care services, from routine primary and preventive care through acute inpatient hospital care, to a defined population for a fixed price from a purchaser.

Each integrated service network is accountable to keep its total revenues within the limit of growth set by the commissioner of health under section 62N.05, subdivision 2, clause (1). Integrated service networks can be formed by health care providers, health maintenance organizations, insurance companies, employers, or other organizations. Competition between integrated service networks on the quality and price of health care services is encouraged.

Sec. 2. [62N.02] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 62N.01 to 62N.24.

Subd. 2. [ACCREDITED CAPITATED PROVIDER.] "Accredited capitated provider" means a health care providing entity meeting the requirements of section 62N.201.

Subd. 3. [COMMISSION.] "Commission" means the health care commission established under section 62J.05.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of health or that commissioner's designated representative, or the commissioner of commerce or that commissioner's designated representative, as appropriate under section 62N.04.

Subd. 5. [ENROLLEE.] "Enrollee" means an individual, including a member of a group, to whom a network is obligated to provide health services under this chapter.

Subd. 6. [HEALTH CARE PROVIDING ENTITY.] "Health care providing entity" means a participating entity that provides health care to enrollees through an integrated service network.

Subd. 6a. [HEALTH CARRIER.] "Health carrier" has the meaning given in section 62A.011.

Subd. 7. [HEALTH PLAN.] "Health plan" means a health plan as defined in section 62A.011 or coverage by an integrated service network.

Subd. 8. [INTEGRATED SERVICE NETWORK.] "Integrated service network" means a formal arrangement permitted by this chapter for providing health services under this chapter to enrollees for a fixed payment per time period.

Subd. 9. [NETWORK.] "Network" means an integrated service network as defined in this section.

Subd. 10. [PARTICIPATING ENTITY.] "Participating entity" means a health care providing entity, a risk-bearing entity, or an entity providing other services through an integrated service network.

Subd. 11. [PRICE.] "Price" means the actual amount of money paid, after discounts or other adjustments, by the person or organization paying money to buy health care coverage and health care services. "Price" does not mean the cost or costs incurred by a network or other entity to provide health care services to individuals.

Subd. 12. [RISK-BEARING ENTITY.] "Risk-bearing entity" means an entity that participates in an integrated service network so as to bear all or part of the risk of loss. "Risk-bearing entity" includes an entity that provides reinsurance, stop-loss, excess-of-loss, and similar coverage.

Sec. 3. [62N.03] [APPLICABILITY OF OTHER LAW.]

Chapters 60A, 60B, 60G, 61A, 61B, 62A, 62C, 62D, 62E, 62H, 62L, 62M, and 64B do not, except as expressly provided in this chapter or in those other chapters, apply to integrated service networks, or to entities otherwise subject to those chapters, with respect to participation by those entities in integrated service networks. Chapters 72A and 72C apply to integrated service networks, except as otherwise expressly provided in this chapter.

Integrated service networks are in "the business of insurance" for purposes of the federal McCarren-Ferguson Act, United States Code, title 15, section 1012, are "domestic insurance companies" for purposes of the federal Bankruptcy Reform Act of 1978, United States Code, title 11, section 109, and are "insurance" for purposes of the federal Employee Retirement Income Security Act, United States Code, title 29, section 1144.

Sec. 4. [62N.04] [REGULATION.]

(a) Except as otherwise provided in paragraph (b), integrated service networks are under the supervision of the commissioner of health who shall enforce this chapter. The commissioner of health has, with respect to this chapter, all enforcement and rulemaking powers available to the commissioner of health under section 62D.17.

(b) Integrated service networks operated by health carriers, as defined in section 62A.011, other than health maintenance organizations, are under the supervision of the commissioner of commerce, who shall enforce this chapter with respect to those networks. The commissioner of commerce has, for purposes of this chapter, all enforcement and rulemaking powers otherwise available to the commissioner of commerce with respect to the health carrier involved, or available to the commissioner of health for purposes of this chapter.

Sec. 5. [62N.05] [RULES GOVERNING INTEGRATED SERVICE NETWORKS.]

Subdivision 1. [RULES.] The commissioner, in consultation with the commission, may adopt emergency and permanent rules to establish more detailed requirements governing integrated service networks in accordance with this chapter.

Subd. 2. [REQUIREMENTS.] The commissioner shall include in the rules requirements that will ensure that the annual rate of growth of an integrated service network's aggregate total revenues received from purchasers and enrollees, after adjustments for changes in population size and risk, does not exceed the growth limit established in section 62J.04. A network's aggregate total revenues for purposes of these growth limits are net of the contributions, surcharges, taxes, and assessments listed in section 62O.04, subdivision 2, that the network pays. The commissioner may include in the rules the following:

(1) requirements for licensure, including a fee for initial application and an annual fee for renewal;

(2) quality standards;

(3) requirements for availability and comprehensiveness of services;

(4) requirements regarding the defined population to be served by an integrated service network;

(5) requirements for open enrollment;

(6) provisions for incentives for networks to accept as enrollees individuals who have high risks for needing health care services and individuals and groups with special needs;

(7) prohibitions against disenrolling individuals or groups with high risks or special needs;

(8) requirements that an integrated service network provide to its enrollees information on coverage, including any limitations on coverage, deductibles and copayments, optional services available and the price or prices of those services, any restrictions on emergency services and services provided outside of the network's service area, any responsibilities enrollees have, and describing how an enrollee can use the network's enrollee complaint resolution system;

(9) requirements for financial solvency and stability;

(10) a deposit requirement;

(11) financial reporting and examination requirements;

(12) limits on copayments and deductibles;

(13) mechanisms to prevent and remedy unfair competition;

(14) provisions to reduce or eliminate undesirable barriers to the formation of new integrated service networks;

(15) requirements for maintenance and reporting of information on costs, prices, revenues, volume of services, and outcomes and quality of services;

(16) a provision allowing an integrated service network to set credentialing standards for practitioners employed by or under contract with the network;

(17) a requirement that an integrated service network employ or contract with practitioners and other health care providers, and minimum requirements for those contracts if the commissioner deems requirements to be necessary to ensure that each network will be able to control expenditures and revenues or to protect enrollees and potential enrollees;

(18) provisions regarding liability for medical malpractice;

(19) a method or methods to facilitate and encourage the appropriate provision of services by midlevel practitioners;

(20) provisions regarding permissible and impermissible underwriting criteria applicable to the standard set of benefits;

(21) a method or methods to assure that all integrated service networks are subject to the same regulatory requirements. All health carriers, including health maintenance organizations, insurers, and nonprofit health service plan corporations shall be regulated under the same rules, to the extent that the health carrier is operating an integrated service network or is a participating entity in an integrated service network; and

(22) provisions for appropriate risk adjusters or other methods to prevent or compensate for adverse selection of enrollees into or out of an integrated service network.

Subd. 3. [CRITERIA FOR RULEMAKING.] (a) [APPLICABILITY.] The commissioner shall adopt rules governing integrated service networks based on the criteria and objectives specified in this subdivision.

(b) [COMPETITION.] The rules must encourage and facilitate competition through the collection and distribution of reliable information on the cost, prices, and quality of each integrated service network in a manner that allows comparisons between networks.

(c) [FLEXIBILITY.] The rules must allow significant flexibility in the structure and organization of integrated service networks. The rules must allow and facilitate the formation of networks by providers including primary care physicians, employers, and other organizations, in addition to health carriers.

(d) [EXPANDING ACCESS AND COVERAGE.] The rules must be designed to expand access to health care services and coverage for all Minnesotans, including individuals and groups who have preexisting health conditions, who represent a higher risk of requiring treatment, who require translation or other special services to facilitate treatment, who face social or cultural barriers to obtaining health care, or who for other reasons face barriers to access to health care and coverage. Enrollment standards must ensure that high risk and special needs populations will be included and growth limits and payment systems must be designed to provide incentives for networks to enroll even the most challenging and costly groups and populations. The rules must be consistent with the principles of health insurance reform that are reflected in Laws 1992, chapter 549.

(e) [ABILITY TO BEAR FINANCIAL RISK.] The rules must allow a variety of options for integrated service networks to demonstrate their ability to bear the financial risk of serving their enrollees to facilitate diversity and innovation and the entry into the market of new networks.

(f) [PARTICIPATION OF PROVIDERS.] The rules must not require providers to participate in an integrated service network and must allow providers to participate in more than one network and to serve both patients who are covered by an integrated service network and patients who are not. The rules must allow significant flexibility for an integrated service network and providers to define and negotiate the terms and conditions of provider participation. The rules must encourage and facilitate the participation of midlevel practitioners and allied health care practitioners and eliminate inappropriate barriers to their participation. The rules must encourage and facilitate the participation of disproportionate share providers and eliminate inappropriate barriers to their participation.

(g) [RURAL COMMUNITIES.] The rules must permit a variety of forms of integrated service networks to be developed in rural areas in response to the needs, preferences, and conditions of rural communities, utilizing to the greatest extent possible current existing health care providers and hospitals.

(h) [PRIMARY CARE.] The rules must encourage and facilitate the development and formation of integrated service networks by primary care physicians.

(i) [LIMITS ON GROWTH.] The rules must include provisions to enable the commissioner to enforce the limits on growth in health care total revenues for each integrated service network and for the entire system of integrated service networks.

(j) [STANDARD BENEFIT SET.] The commission shall make recommendations to the commissioner regarding a standard benefit set.

(k) [CONFLICT OF INTEREST.] The rules shall include provisions the commissioner deems necessary and appropriate to address integrated service networks' and participating providers' relationship to section 62J.23 or other laws relating to provider conflicts of interest.

Sec. 6. [62N.06] [AUTHORIZED ENTITIES; DATA REQUIREMENTS.]

Subdivision 1. [AUTHORIZED ENTITIES.] Any health carrier, as defined in section 62A.011, may establish and operate one or more integrated service networks if the health carrier complies with the applicable requirements of this chapter. A network may also be established and operated by a separate corporation under chapter 302A, 317A, or 319A, or by a separate cooperative under chapter 308A, if the corporation or cooperative complies with the applicable requirements of this chapter. The separate corporation or cooperative must not engage in activities unrelated to the establishment and operation of the network, without the advance written consent of the commissioner.

Subd. 2. [SEPARATE ACCOUNTING REQUIRED.] Any entity operating one or more integrated service networks shall maintain separate accounting and record keeping procedures, acceptable to the commissioner, for each integrated service network.

Subd. 3. [ENROLLEE ADVOCACY COUNCIL.] Any entity that operates an integrated service network shall create, maintain, and consult with an advocacy council, the membership of which is composed of at least 40 percent enrollees of the integrated service network. This subdivision does not apply to a nonprofit health service plan corporation operating under chapter 62C, a health maintenance organization operating under chapter 62D, or a fraternal benefit society operating under chapter 64B.

Subd. 4. [RELATIONSHIP TO ACCREDITED CAPITATED PROVIDER.] If a not for profit integrated service network corporation establishes a relationship with an accredited capitated provider under section 62N.201, the accredited capitated provider or its representatives must be granted the option to participate in the governing bodies of the network corporation, either as members, if applicable, or on the board of directors, or both, in proportion to the percentage of risk ceded as defined in section 62N.21, subdivision 1, or in such lesser proportion as the accredited capitated provider may elect.

Subd. 5. [GOVERNMENTAL SUBDIVISION.] A political subdivision may establish and operate an integrated service network directly, without forming a separate entity, and is not subject to subdivision 3 or 4. Unless otherwise specified, a network authorized under this subdivision must comply with all other provisions governing networks.

Sec. 7. [62N.066] [ADMINISTRATIVE COSTS AT RISK.]

An integrated service network shall not contract for management services with a separate entity unless:

(1) the contract complies with section 62D.19; and

(2) if the management contract exceeds ten percent of gross revenues of the integrated service network, then provisions requiring holdbacks or other risk related provisions must be no more favorable to the management contract than comparable terms contained in any contract between the integrated service network and any health care providing entity or accredited capitated provider.

Sec. 8. [62N.07] [PURPOSE.]

The legislature finds that previous cost containment efforts have focused on reducing benefits and services, eliminating access to certain provider groups, and otherwise reducing the level of care available. Under a system of overall spending controls, these cost containment approaches will, in the absence of controls on cost shifting, shift costs from the payer to the consumer, to government programs, and to providers in the form of uncompensated care. The legislature further finds that the integrated service network benefit package should be designed to promote coordinated, cost-effective delivery of all health services an enrollee needs without cost shifting. The legislature further finds that affordability of health coverage is a high priority and that lower cost coverage options should be made available through the use of copayments, coinsurance, and deductibles to reduce premium costs rather than through the exclusion of services or providers.

Sec. 9. [62N.075] [COVERED SERVICES.]

(a) An integrated service network must provide to each person enrolled a comprehensive set of appropriate and necessary health services. For purposes of this chapter, "appropriate and necessary" means services needed to maintain the enrollee in good health including as a minimum, but not limited to, emergency care, inpatient hospital and physician care, outpatient health services, and preventive health services. The commissioner may modify this definition to reflect changes in community standards, development of practice parameters, new technology assessments, and other medical innovations. These services must be delivered by authorized practitioners acting within their scope of practice. An integrated service network is not responsible for health services that are not appropriate and necessary.

(b) A network may define benefit levels through the use of consumer cost sharing but remains financially accountable for costs of the full set of comprehensive health services required.

(c) A network may offer any Medicare supplement, Medicare select, or other Medicare-related product otherwise permitted for any type of health carrier in this state. Each Medicare-related product may be offered only in full compliance with the requirements in chapters 62A, 62D, and 62E that apply to that category of product.

(d) Networks must comply with all continuation and conversion of coverage requirements applicable to health maintenance organizations under state or federal law.

(e) Networks must comply with sections 62A.047, 62A.27, and any other coverage of newborn infants, dependent children who do not reside with a covered person, handicapped children and dependents, and adopted children. A network providing dependent coverage must comply with section 62A.302.

(f) Networks must comply with the equal access requirements of section 62A.15, subdivision 2.

Sec. 10. [62N.08] [AVAILABILITY OF SERVICES.]

(a) An integrated service network is financially responsible to provide to each person enrolled all comprehensive health services required by statute, by the contract of coverage, or as otherwise required under section 62N.075.

(b) The commissioner shall require that networks provide all appropriate and necessary health services within a reasonable geographic distance for enrollees. The commissioner may adopt rules providing a more detailed requirement, consistent with this paragraph.

Sec. 11. [62N.085] [ESTABLISHMENT OF STANDARDIZED BENEFIT PLANS.]

The commissioner of health shall adopt emergency and permanent rules to establish not more than five standardized benefit plans which must be offered by integrated service networks. The plans must comply with the requirements of sections 62N.07 to 62N.08 and the other requirements of this chapter. The plans must encompass a range of cost sharing options from (1) lower premium costs combined with higher enrollee cost sharing, to (2) higher premium costs combined with lower enrollee cost sharing. A network may offer additional benefits in its discretion.

Sec. 12. [62N.087] [CONSUMER COST SHARING.]

(a) A network may define benefit levels through the use of consumer cost sharing. For the purposes of this chapter, "consumer cost sharing" or "cost sharing" means copayments, deductibles, coinsurance, and other out-of-pocket expenses paid by the individual consumer of health care services.

(b) The following principles apply to cost sharing in an integrated service network:

(1) consumers must have a voice in decisions regarding cost sharing, and the process for establishing consumer cost sharing should have consumer representation and input;

(2) consumer cost sharing must be administratively feasible and consistent with efforts to reduce the overall administrative burden of the health care system;

(3) cost sharing must be based on income and an enrollee's ability to pay for services and should not create a barrier to access to appropriate and effective services;

(4) cost sharing must be capped at a predetermined annual limit to protect individuals and families from financial catastrophe and to protect individuals with substantial health care needs;

(5) child health supervision services, immunizations, prenatal care, and other prevention services must not be subjected to cost sharing; and

(6) additional requirements for networks should be established to assist enrollees for whom an inducement in addition to the elimination of cost sharing is necessary in order to encourage them to use cost-effective preventive services. These requirements may include the provision of educational information, assistance or guidance, and opportunities for responsible decision making by enrollees that minimize potential out-of-pocket costs.

Sec. 13. [62N.10] [LICENSING.]

Subdivision 1. [REQUIREMENTS.] All integrated service networks must be licensed by the commissioner. Licensure requirements are:

(1) the ability to be responsible for the full continuum of required health care and related costs for the defined population that the integrated service network will serve;

(2) the ability to satisfy standards for quality of care;

(3) financial solvency; and

(4) the ability to fully comply with this chapter and all other applicable law.

The commissioner may adopt rules to specify licensure requirements for integrated service networks in greater detail, consistent with this subdivision.

Subd. 2. [FEES.] Licensees shall pay an initial fee of $..... and a renewal fee of $..... each following year to the commissioner.

Subd. 3. [LOSS OF LICENSE.] The commissioner may fine a licensee or suspend or revoke a license for violations of rules or statutes pertaining to integrated service networks.

Subd. 4. [PARTICIPATION; GOVERNMENT PROGRAMS.] Integrated service networks shall, as a condition of licensure, participate in the medical assistance, general assistance medical care, and MinnesotaCare programs. The commissioner shall adopt rules specifying the participation required of the networks. The rules must be consistent with Minnesota Rules, parts 9505.5200 to 9505.5260, governing participation by health maintenance organizations in public health care programs.

Subd. 5. [APPLICATION.] Each application for an integrated service network license must be in a form prescribed by the commissioner. Each application must include the following:

(1) a copy of the basic organizational documents, including all amendments, of the applicant and, at the request of the commissioner, of each participating entity;

(2) a copy of the bylaws, rules and regulations, or similar document, if any, including all amendments, which regulate the conduct of the affairs of the applicant, and, at the request of the commissioner, of any participating entity;

(3) a list of the names, addresses, and official positions of the following:

(i) all members of the board of directors, or governing body of the local government unit, and the principal officers and shareholders of the applicant organization; and

(ii) at the request of the commissioner, all members of the board of directors, or governing body of the local government unit, and the principal officers, of any participating entity and each shareholder beneficially owning more than ten percent of any voting stock of the participating entity;

(4) the name and address of each participating entity and the agreed upon duration of each contract or agreement;

(5) a copy of the form of each contract binding any or all of the participating entities and the integrated service network;

(6) at the request of the commissioner, a copy of each contract binding any or all of the participating entities and the network. Contract information filed with the commissioner is private and subject to section 13.37, subdivision 1, clause (b), at the request of the network;

(7) a statement generally describing the applicant and the network, its network contracts, facilities, and personnel, including a statement describing the manner in which the applicant proposes to provide enrollees with the required network services and any additional services;

(8) a copy of the form of each evidence of coverage to be issued to the enrollees;

(9) a copy of the form of each individual or group contract to be issued to enrollees or their representatives;

(10) financial statements showing the applicant's assets, liabilities, and sources of financial support. If the applicant's financial affairs are audited by independent certified public accountants, a copy of the applicant's most recent certified financial statement may, in the discretion of the commissioner, satisfy this requirement;

(11) a financial plan that includes a three-year projection of expenses and income and other sources of future capital;

(12) a statement reasonably describing the geographic area or areas to be served and the type or types of enrollees to be served;

(13) a description of the complaint procedures to be used as required;

(14) a copy of any agreement between the network and an insurer or nonprofit health service plan corporation regarding reinsurance, stop-loss or excess-of-loss coverage, insolvency coverage, or any other type of coverage for potential costs of health services;

(15) a statement indicating how the network will meet its potential tort liabilities, for medical malpractice and other sources of liability, together with copies of any related insurance policies and liability-related agreements with its participating entities;

(16) a copy of the conflict of interest policy that applies to all members of the board of directors and the principal officers of the network;

(17) a statement that describes the network's prior authorization, referral, second opinion, and utilization review procedures; and

(18) other information that the commissioner may reasonably require to be provided.

Subd. 6. [DOCUMENTS ON FILE.] A network shall agree to retain in its files any documents specified by the commissioner. A network shall permit the commissioner to examine those documents at any time and shall promptly provide copies of any of them to the commissioner upon request.

Sec. 14. [62N.11] [EVIDENCE OF COVERAGE.]

Subdivision 1. [APPLICABILITY.] Every integrated service network enrollee residing in this state is entitled to evidence of coverage or contract. The integrated service network or its designated representative shall issue the evidence of coverage or contract. "Evidence of coverage" means evidence that an enrollee is covered by a group contract issued to the group.

Subd. 2. [FILING.] No evidence of coverage or contract, nor any amendment, shall be issued or delivered to any individual in this state until a copy of the form of the evidence of coverage or contract, including any amendments, has been filed with and approved by the commissioner.

Subd. 3. [CONTENTS.] Contracts and evidences of coverage must contain:

(a) no provision or statement that is unjust, unfair, inequitable, misleading, deceptive, or untrue; and

(b) a clear, concise, and complete statement of:

(1) the services or other benefits to which the enrollee is entitled under the integrated service network contract;

(2) any exclusions or limitations on the services, kind of services, benefits, or kind of benefits to be provided, including any deductible or copayment feature and requirements for referrals, prior authorizations, utilization review, and second opinions;

(3) where and in what manner information is available about how services, including emergency and out-of-area services, may be obtained;

(4) the total amount of payment and copayment, if any, for health care services and for the indemnity or service benefits, if any, that the enrollee is obligated to pay with respect to individual contracts; and

(5) a description of the network's method for resolving enrollee complaints and a statement identifying the department of health as the regulatory agency with whom grievances may be registered.

Subd. 4. [GRACE PERIOD.] A grace period of 31 days must be granted for payment of each premium for an individual integrated service network contract falling due after the first premium, during which period the contract continues in force. Individual network contracts must clearly state the existence of the grace period.

Subd. 5. [CANCELLATION OF CONTRACT.] Individual integrated service network contracts must state that the individual may cancel the contract within ten days of its receipt and have the premium paid refunded if, after examination of the contract, the individual is not satisfied with it for any reason. The individual must be required to pay the network for any services rendered or claims paid by the network during the ten days.

Subd. 6. [TERMINATION.] The contract and evidence of coverage must clearly explain the conditions under which an integrated service network may terminate coverage.

Subd. 7. [CONTINUATION AND CONVERSION.] The contract and evidence of coverage must clearly explain continuation and conversion rights afforded to enrollees.

Subd. 8. [NOTICE.] Individual and group contract holders must be given 30 days written notice of any change in enrollee copayments or benefits.

Subd. 9. [DELIVERY OF CONTRACT.] Individual integrated service network contracts must be delivered to enrollees no later than the date coverage is effective. For enrollees with group contracts, an evidence of coverage must be delivered or issued for delivery not more than 15 days from the date the integrated service network is notified of the enrollment or the effective date of coverage, whichever is later.

Subd. 10. [COMPLAINTS.] An individual integrated service network contract and an evidence of coverage must contain a department of health telephone number that the enrollee can call to register a complaint about the network.

Sec. 15. [62N.12] [ENROLLEE RIGHTS.]

The cover page of the evidence of coverage and contract must contain a clear and complete statement of an enrollee's rights as a consumer. The statement must be in bold print and captioned "Important Consumer Information and Enrollee Bill of Rights" and must include but need not be limited to the following provisions in the following language or in substantially similar language approved in advance by the commissioner:

"CONSUMER INFORMATION

(1) COVERED SERVICES: Services provided by (name of integrated service network) will be covered only if services are provided by participating (name of integrated service network) providers or authorized by (name of integrated service network). Your contract fully defines what services are covered and describes procedures you must follow to obtain coverage.

(2) PROVIDERS: Enrolling in (name of integrated service network) does not guarantee services by a particular provider on the list of providers. When a provider is no longer part of (name of integrated service network), you must choose among remaining (name of integrated service network) providers.

(3) REFERRALS: Certain services are covered only upon referral. See section (section number) of your contract for referral requirements. All referrals to non-(name of integrated service network) providers and certain types of health care providers must be authorized by (name of integrated service network).

(4) EMERGENCY SERVICES: Emergency services from providers who are not affiliated with (name of integrated service network) will be covered only if proper procedures are followed. Your contract explains the procedures and benefits associated with emergency care from (name of integrated service network) and non-(name of integrated service network) providers.

(5) EXCLUSIONS: Certain services or medical supplies are not covered. You should read the contract for a detailed explanation of all exclusions.

(6) CONTINUATION: You may convert to an individual integrated service network contract or continue coverage under certain circumstances. These continuation and conversion rights are explained fully in your contract.

(7) CANCELLATION: Your coverage may be canceled by you or (name of integrated service network) only under certain conditions. Your contract describes all reasons for cancellation of coverage.

ENROLLEE BILL OF RIGHTS

(1) An enrollee has the right to available and accessible services including emergency services, as defined in your contract, 24 hours a day and seven days a week.

(2) An enrollee has the right to be informed of health problems and to receive information regarding treatment alternatives and risks that is sufficient to assure informed choice.

(3) An enrollee has the right to refuse treatment and the right to privacy of medical and financial records maintained by the integrated service network and its health care providers, in accordance with existing law.

(4) An enrollee has the right to file a grievance with the integrated service network and the commissioner of health and the right to initiate a legal proceeding when experiencing a problem with the integrated service network or its health care providers.

(5) An enrollee has the right to a grace period of 31 days for the payment of each premium for an individual integrated service network contract falling due after the first premium during which period the contract shall continue in force.

(6) A Medicare enrollee has the right to voluntarily disenroll from the integrated service network and the right not to be requested or encouraged to disenroll except in circumstances specified in federal law.

(7) A Medicare enrollee has the right to a clear description of nursing home and home care benefits covered by the integrated service network."

Sec. 16. [62N.13] [ENROLLEE COMPLAINT SYSTEM.]

Subdivision 1. [SCOPE.] Every integrated service network must establish and maintain an enrollee complaint system, including an impartial arbitration provision, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning the provision of health care services. "Provision of health care services" includes, but is not limited to, questions of the scope of coverage, quality of care, and administrative operations. Arbitration is subject to chapter 572, except:

(1) if an enrollee elects to litigate a complaint prior to submission to arbitration; and

(2) no medical malpractice damage claim is subject to arbitration unless agreed to by both parties subsequent to the event giving rise to the claim.

Subd. 2. [COMMISSIONER REVIEW.] If a complaint involves a dispute about an integrated service network's coverage of a service, the commissioner may review the complaint and any information and testimony necessary to make a determination and order the appropriate remedy pursuant to this chapter. If the commissioner obtains or maintains information on written complaints, the information is private data on individuals under chapter 13.

Subd. 3. [EXPEDITED RESOLUTION OF COMPLAINTS ABOUT URGENTLY NEEDED SERVICE.] In addition to any remedy contained in subdivision 2, if a complaint involves a dispute about an integrated service network's coverage of an immediately and urgently needed service, the commissioner may also order the integrated service network to use an expedited system to process the complaint.

Subd. 4. [RECORDS.] The integrated service network shall maintain a record of each written complaint filed with it for five years, and the commissioner of health shall have access to the records.

Subd. 5. [DENIAL OF SERVICE.] Within a reasonable time after receiving an enrollee's written or oral communication to the integrated service network concerning a refusal of service or inadequacy of services, the integrated service network shall provide the enrollee with a written statement of the reason for the refusal of service and a statement approved by the commissioner of health that explains the integrated service network complaint procedures, and in the case of Medicare enrollees, that also explains Medicare appeal procedures.

Subd. 6. [COVERAGE OF SERVICE.] An integrated service network may not deny or limit coverage of a service that the enrollee has already received solely on the basis of a lack of prior authorization or second opinion, to the extent that the service would otherwise have been covered under the member's contract by the integrated service network had a prior authorization or second opinion been obtained.

Sec. 17. [62N.14] [MEDICAL MALPRACTICE LIABILITY.]

An entity operating an integrated service network is liable for medical malpractice committed by its employees and is not liable for the malpractice of its other health care providing entities. Each health care providing entity is liable for its own medical malpractice and is not liable for the medical malpractice of other health care providing entities or for negligent supervision of other health care providing entities. Participating entities are not jointly and severally liable for torts committed by the network or by participating providers. A network and its participating entities may by contract reallocate between themselves the risk of malpractice liability through indemnity, contribution, joint insurance, or otherwise, provided that the reallocation does not affect the rights of enrollees.

Sec. 18. [62N.15] [MARKETING.]

Subdivision 1. [PERMITTED PURCHASERS.] An integrated service network may contract to provide health services to:

(1) individuals, including dependents;

(2) groups of individuals, including employees of a private or public employer and individual members of an association, and their dependents;

(3) associations or other groups comprised of groups, including associations of employers;

(4) the public employees insurance plan and the private employers insurance program established under chapter 43A;

(5) any state or federal health program, including medical assistance, Medicare, MinnesotaCare, or general assistance medical care; and

(6) the comprehensive health association established in section 62E.10.

Integrated service networks are subject to section 62A.303 with respect to all enrolled groups, whether or not they are employer-based groups.

Subd. 2. [MARKETING CONDUITS.] An integrated service network may offer or sell its services through any person or method permitted to sell health coverage under chapter 60A, 60K, 62C, 62D, or 62L. Persons regulated under those chapters with respect to sales of coverage are subject to the supervision of the commissioner of commerce with respect to marketing of network coverage. The commissioner of health may adopt rules permitting the marketing of network coverage through other means.

Sec. 19. [62N.16] [UNDERWRITING AND RATING.]

Subdivision 1. [APPLICABILITY.] Except as provided in subdivision 3, this section applies to the standard benefit plans under section 62N.085 and does not apply to additional benefits. This section does not require coverage by an integrated service network of any group or individual residing outside of the network's service area. A network's service area is a geographic service region agreed to by the commissioner and the network at the time of licensure. This section does not apply to any group that the commissioner determines is organized or functions primarily to provide coverage to one or more high risk individuals. The commissioner may adopt rules specifying other types of groups to which this section does not apply.

Subd. 2. [GROUP MEMBERS.] Integrated service networks shall charge the same rate for each individual in a group, except as appropriate to provide dependent or family coverage. Rates for individuals covered under programs of the department of human services shall be determined by the commissioner of human services and specified in the contract between the commissioner and the integrated service network.

Subd. 3. [SMALL EMPLOYERS.] To provide services to employees of a small employer as defined in section 62L.02, integrated service networks shall comply with chapter 62L.

Sec. 20. [62N.17] [RELATIONSHIP; NETWORKS; COMPREHENSIVE HEALTH ASSOCIATION.]

Subdivision 1. [MEMBERSHIP.] An entity operating an integrated service network is and must remain a contributing member of the comprehensive health association established under section 62E.10. Participating entities that are members of that association are assessable by the association on revenues derived from or through networks. Participating entities may claim a credit against assessment liability for assessments paid by the network with respect to the same premiums.

Subd. 2. [PHASE-IN OF ASSESSMENTS.] Assessments under section 62E.11 for integrated service networks in which at least 51 percent of the governance rights are controlled by health care providing entities or accredited capitated providers shall be phased in as follows:

(1) for calendar years 1993, 1994, and 1995, the assessment shall be 20 percent of the assessment that otherwise would have been levied for those years;

(2) for calendar year 1996, the assessment shall be 40 percent of the assessment that otherwise would have been levied for those years;

(3) for calendar year 1997, the assessment shall be 60 percent of the assessment that otherwise would have been levied for those years;

(4) for calendar year 1998, the assessment shall be 80 percent of the assessment that otherwise would have been levied for those years.

Sec. 21. [62N.18] [INSOLVENCY.]

Subdivision 1. [EFFECTS ON ENROLLEES.] Coverage by an integrated service network is not covered by the life and health insurance guaranty association under chapter 61B. Subject to section 62N.201, subdivision 9, when an entity corporation operating a network becomes insolvent, its enrollees have the right to receive the same alternative coverage provided by the comprehensive health association under section 62D.181 to enrollees in insolvent health maintenance organizations.

Subd. 2. [NOTICE TO ENROLLEES.] Prospective enrollees in an integrated service network must be given, prior to their commitment to enroll, a written notice, on a form approved by the commissioner, describing the effects of, and their rights in the event of, an insolvency of the entity operating the network.

Sec. 22. [62N.19] [LIQUIDATION, REHABILITATION, AND CONSERVATION PROCEEDINGS.]

The liquidation, rehabilitation, and conservation provisions of section 62D.18 and chapter 60B apply to an integrated service network.

Sec. 23. [62N.20] [RISK-BEARING ENTITIES.]

An entity operating an integrated service network may retain the risk of providing coverage or may transfer all or any part of the risk through purchase of reinsurance, including but not limited to stop-loss or excess-of-loss coverage, from an assuming insurer that qualifies under section 60A.092, a nonprofit health service plan corporation operating under chapter 62C, a health maintenance organization operating under chapter 62D, or another entity if first approved by the commissioner.

Sec. 24. [62N.201] [ACCREDITED CAPITATED PROVIDERS.]

Subdivision 1. [DEFINITION.] An accredited capitated provider is a health care providing entity that:

(1) receives capitated payments from an integrated service network under a contract to provide health services to enrollees;

(2) is licensed to provide and provides the contracted services, either directly or through an affiliate. For purposes of this section, an "affiliate" is any person that directly or indirectly controls, or is controlled by, or is under common control with, the health care providing entity, and "control" exists when any person, directly or indirectly, owns, controls, or holds with the power to vote, or holds proxies representing, no less than 80 percent of the voting securities or governance rights of any other person; and

(3) is approved by the commissioner as an accredited capitated provider.

Subd. 2. [STANDARDS.] The commissioner shall accredit a health care providing entity that has the operational capacity, facilities, personnel, and financial capability to provide the services that it has contracted to provide to enrollees of the integrated service network during the term of the contract, assuming that the health care providing entity receives no more than one-half of the payments that its contract with the network entitles it to receive from the network for the services.

Subd. 3. [RULES.] The commissioner may adopt emergency and permanent rules under this section necessary to establish criteria for meeting the standard in subdivision 2 and a process for accreditation. In establishing criteria to evaluate operational capabilities, the commissioner shall consider the level of services to be provided by the health care provider entity relative to its existing services capabilities. In establishing criteria to evaluate financial capability, the commissioner shall consider any of the following: the entity's debt rating, if any, certification by an independent consulting actuary that the entity meets the standards under subdivision 2, the availability of allocated or restricted funds, the health care providing entity's net worth, the availability of letters of credit from a bank or other financial institution meeting the requirements of section 60A.093, subdivision 2, the taxing authority of the entity or governmental sponsor of the entity, or any other criteria that the commissioner may reasonably establish. In the case of a health care provider organized as a professional corporation under chapter 319A, the commissioner shall also consider, in evaluating the financial capabilities of such provider, the health care providing entity's net revenues, accounts receivable, number of health care providers under contract to provide services, existing indebtedness, and other alternative criteria that the commissioner may reasonably establish to measure the ability of such health care providing entity to provide the level of services.

Subd. 4. [ORGANIZATIONS PERMITTED.] A health care providing entity seeking accreditation under this section may be organized under chapter 302A, 308A, 317A, or 319A, or may be a governmental hospital authorized, organized, or operated under chapters 158, 250, 376, and 397 or under sections 246A.01 to 246A.27, 412.221, 447.05 to 447.13, 447.31, or 471.59, or under any special law authorizing or establishing a hospital or hospital district.

Subd. 5. [OTHER RELATIONSHIPS PERMITTED.] Accreditation of a health care providing entity does not preclude that entity from other participation in the structure or operation of an integrated service network, including, without limitation, participation as a member, owner, guarantor, lender, or provider of services. An integrated service network may make capitated payments consistent with section 62N.22 to nonaccredited health care providing entities.

Subd. 6. [NO COMPELLED ACCREDITATION.] No health care providing entity may be compelled by an integrated service network to obtain accreditation under this section.

Subd. 7. [EFFECT OF OTHER LAWS.] An accredited capitated provider shall not, solely by reason of accreditation under this section, be considered to be an insurance company under chapter 60, a health maintenance organization under chapter 62D, a nonprofit health service plan corporation under chapter 62C, or an integrated service network under this chapter.

Subd. 8. [RIGHT TO OBTAIN PAYMENT.] Accreditation of a health care providing entity does not in itself limit the ability of the accredited capitated provider to seek payment of unpaid capitated amounts from an integrated service network, whether the integrated service network is solvent or insolvent; provided that, if the integrated service network is the subject of liquidation, rehabilitation, or conservation proceedings under section 62N.19, the accredited capitated provider has the status accorded creditors under section 60B.44, subdivision 10.

Subd. 9. [EFFECT OF INSOLVENCY.] (a) If an integrated service network with which an accredited capitated provider has contracted becomes insolvent, the enrollees of the integrated service network shall continue to receive, and the accredited capitated provider shall continue to provide, covered services from the accredited capitated provider for the remainder of the term of the contract between the integrated service network and the accredited capitated provider, if the accredited capitated provider remains solvent. At any time, including the time of expiration of the contract between the network and any accredited capitated provider, that accredited capitated providers do not provide to an enrollee all covered services that the insolvent network was obligated to provide, the enrollee may enroll in the comprehensive health association under section 62N.18, subdivision 1. Coverage by the comprehensive health association is secondary to the obligations of any accredited capitated providers, which are primary. The person's premium payable to the comprehensive health association must be reduced appropriately to reflect the existence of the primary coverage.

(b) If the accredited capitated provider becomes insolvent but the integrated service network remains solvent, the integrated service network shall arrange alternative care for the enrollees.

(c) If both the integrated service network and the accredited capitated provider become insolvent, the enrollees have the rights described in section 62N.18, subdivision 1.

Sec. 25. [62N.21] [INSOLVENCY PREVENTION.]

Subdivision 1. [DEFINITIONS.] (a) The definitions provided in this subdivision apply to this section.

(b) "Admitted assets" means admitted assets as defined in section 62D.044.

(c) "Net worth" means net worth as defined in section 62D.02, subdivision 15.

(d) "Working capital" means current assets minus current liabilities.

(e) "Guaranteeing organization" means an organization that has agreed to make necessary contributions or advancements to an integrated service network to maintain the network's required net worth.

(f) "Percentage of risk ceded" means the ratio, expressed as a percentage, between capitated payments made or, in the case of a new entity, expected to be made, by an integrated service network to all accredited capitated providers during any contract year and the total premium revenue, adjusted to eliminate expected administrative costs, received or, in the case of a new organization, expected to be received, for the same time period by the integrated service network.

Subd. 2. [NET WORTH REQUIREMENT.] Except as permitted by subdivision 4 or 5, every entity operating an integrated service network must maintain a minimum net worth equal to the lesser of:

(1) $1,000,000; or

(2) an amount equal to at least 16-2/3 percent of the sum of all expenditures expected to be incurred in the network's first 12 months of operation or, for an existing network, at least 16-2/3 percent of the sum of all expenditures incurred in the most recent calendar year.

Subd. 3. [PHASE-IN PROVISION.] A network satisfies subdivision 2 if the network meets the following phase-in schedule:

(1) 25 percent of the amount required by subdivision 2 as of the date that the network begins providing services;

(2) 50 percent of the amount required by subdivision 2 as of the end of the network's first year of providing services, except that if that date is not December 31, the network need not comply until the next December 31;

(3) 75 percent of the amount required by subdivision 2 as of the December 31 immediately following the December 31 deadline provided in clause (2); and

(4) 100 percent of the amount required by subdivision 2 as of the December 31 immediately following the December 31 deadline provided in clause (3).

Subd. 4. [REDUCTION FOR ACCREDITED CAPITATED PROVIDERS.] If an integrated service network has contracts with accredited capitated providers, and for only so long as those contracts or successor contracts remain in force, the net worth requirements of subdivision 2 or 3 are reduced by the percentage of risk ceded.

Subd. 5. [EXCEPTION FOR PRIMARY CARE NETWORK.] The net worth requirements of subdivisions 2 and 3 shall not apply to an integrated service network in which at least 51 percent of the governance rights are controlled by primary care physicians or their affiliates. For purposes of this section, an "affiliate" is an entity that is directly or indirectly controlled by such primary care physicians, and "control" exists when primary care physicians directly or indirectly own, control, or hold with the power to vote, or hold proxies representing, no less than 80 percent of the voting securities or governance rights of any such entity. For purposes of this section, a "primary care physician" is a licensed family practice physician and such other categories of physicians as the commissioner may determine are engaged in primary care.

Subd. 6. [WORKING CAPITAL.] An integrated service network must maintain a positive working capital. If the network fails to meet this requirement, the commissioner and the network shall comply with section 62D.042, subdivision 7.

Subd. 7. [INVESTMENT OF NETWORK ASSETS.] An integrated service network shall invest its assets only in compliance with section 62D.045.

Subd. 8. [CREDIT FOR REINSURANCE.] An integrated service network may credit against its liabilities 90 percent of the premiums that it pays for reinsurance that complies with section 62N.20.

Subd. 9. [GUARANTEEING ORGANIZATION.] With the written approval of the commissioner, an integrated service network may satisfy the net worth requirement by arranging for a guaranteeing organization to assume the network's obligation to maintain the required net worth. A guaranteeing organization for a network shall comply with section 62D.043. A guaranteeing organization that is a health care provider may assume all or any part of a network's net worth requirement by issuing to the network a promissory note fully secured by a real estate mortgage recorded in the office of the county recorder or filed in the office of the county registrar of titles. A promissory note fully secured as described in this subdivision counts toward the net worth requirement in the amount of the note. The network shall provide a title opinion or title insurance policy and an appraisal of the real estate securing the promissory note at the request of the commissioner or as otherwise required by rule. The promissory note may instead be fully secured by marketable securities under a pledge agreement acceptable to the commissioner.

Subd. 10. [DEPOSIT REQUIREMENT.] (a) An integrated service network shall maintain at all times on deposit with the commissioner $300,000 worth of cash, securities, or any combination of cash and securities. Securities must be United States Treasury obligations, unless otherwise permitted by the commissioner. The network may withdraw interest accrued on the deposit on a quarterly basis or as otherwise approved by the commissioner. With the approval of the commissioner, the deposit may be held by a third party independent trustee in a custodial or controlled account. A deposit is an admitted asset and counts toward the network's required net worth. A network may follow a phase-in schedule to comply with this paragraph as follows:

(1) $150,000 as of the date that the network begins operations; and

(2) $300,000 as of one year later.

(b) In lieu of the amount required under paragraph (a), the rules adopted under section 62N.05 may provide a deposit requirement specified on a per enrollee basis and eligible for a phase-in schedule no more lenient than that provided in paragraph (a).

(c) If an integrated service network has contracts with accredited capitated providers, and for only so long as those contracts or successor contracts remains in force, the deposit requirement under paragraph (a) is reduced by the percentage of risk ceded, as defined in subdivision 1.

(d) An integrated service network meeting the requirements of subdivision 5 shall be excepted from the deposit requirement under paragraph (a).

Subd. 11. [USE OF DEPOSIT.] If the integrated service network is placed under an order of rehabilitation or conservation, the commissioner shall use the deposit to protect the interests of the enrollees and assure continuation of health care services to enrollees. If the network is placed under an order of liquidation, the deposit is an asset subject to chapter 60B, except that the commissioner has a lien on the deposit to reimburse the commissioner for administrative costs directly attributable to the insolvency.

Subd. 12. [FINANCIAL REPORTING.] An integrated service network shall submit financial reports to the commissioner as required by section 62D.08 or as the commissioner otherwise requires by rule.

Subd. 13. [FINANCIAL EXAMINATIONS.] An integrated service network and its participating entities and guaranteeing organizations are subject to examination by the commissioner under section 62D.14 or as the commissioner otherwise requires by rule.

Subd. 14. [SURPLUS NOTES PERMITTED.] An integrated service network may issue one or more surplus notes, with the approval of the commissioner. For statutory accounting purposes, amounts received by the integrated service network under a surplus note may be treated as contributed surplus for all purposes, including the satisfaction of the network's net worth requirements under this section. The liability of the network under each surplus note must be subordinated in the same manner as preferred ownership claims under section 60B.44, subdivision 10; provided however, that payments of interest and principal under a surplus note may be made by the network if required by the note, so long as the network, by reason of the payment or otherwise, is not insolvent, and does not or would not fail to meet the net worth requirements of this section, but the network shall not make any payment prohibited by the commissioner.

Subd. 15. [GOVERNMENT EXEMPTION.] An integrated service network authorized under section 62N.06, subdivision 5, is exempt from subdivision 2. In determining whether a political subdivision may operate a network, the commissioner may consider factors that provide evidence regarding the financial reliability of the political subdivision.

Sec. 26. [62N.22] [RELATIONSHIPS WITH PROVIDERS.]

Subdivision 1. [CONTRACTS.] An integrated service network's relationship with health care providers must be by contract, except in the case of covered out-of-network services. Any reimbursement method not prohibited by the commissioner is allowable, including fee-for-service, salary, and capitation. A copy of each contract between an integrated service network and any or all of its providers must be kept on file by the network and made available to the commissioner upon request. The contract must include the hold harmless provision stated in section 62D.123, subdivision 1. The contract may permit providers to receive payment from an enrollee for services not covered by the enrollee's network contract, but only based upon a written agreement between the provider and the enrollee after the network has provided written notice that the network has denied coverage for the service.

Subd. 2. [SERVICES.] Providers may contract with an integrated service network to provide all or a portion of the services that an integrated service network must provide. Providers may choose not to participate in an integrated service network, may participate in more than one integrated service network, or may simultaneously serve both integrated service network enrollees and regulated all-payer system patients.

Sec. 27. [62N.23] [TECHNICAL ASSISTANCE; LOANS.]

(a) The commissioner shall provide technical assistance to parties interested in establishing or operating an integrated service network. This shall be known as the integrated service network technical assistance program (ISNTAP).

The technical assistance program shall offer seminars on the establishment and operation of integrated service networks in all regions of Minnesota. The commissioner shall advertise these seminars in local and regional newspapers, and attendance at these seminars shall be free.

The commissioner shall write a guide to establishing and operating an integrated service network. The guide must provide basic instructions for parties wishing to establish an integrated service network. The guide must be provided free of charge to interested parties. The commissioner shall update this guide when appropriate.

The commissioner shall establish a toll-free telephone line that interested parties may call to obtain assistance in establishing or operating an integrated service network.

(b) The commissioner shall grant loans for organizational and start-up expenses to entities forming integrated service networks or to networks less than one year old, to the extent of any appropriation for that purpose. The commissioner shall allocate the available funds among applicants based upon the following criteria, as evaluated by the commissioner within the commissioner's discretion:

(1) the applicant's need for the loan;

(2) the likelihood that the loan will foster the formation or growth of a network; and

(3) the likelihood of repayment.

The commissioner shall determine any necessary application deadlines and forms and is exempt from rulemaking in doing so.

Sec. 28. [62N.24] [REVIEW OF RULES.]

The commissioner of health shall present all proposed emergency and permanent rules adopted under this chapter and chapters 62J and 62O to the house and senate health and human services committees for review, prior to final adoption by that commissioner. The commissioner of commerce shall present all proposed emergency and permanent rules under this chapter and chapters 62J or 62O to the house committee on financial institutions and insurance and to the senate committee on commerce and consumer protection for review prior to final adoption by that commissioner.

Sec. 29. Minnesota Statutes 1992, section 256.9657, subdivision 3, is amended to read:

Subd. 3. [HEALTH MAINTENANCE ORGANIZATION; INTEGRATED SERVICE NETWORK SURCHARGE.] Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D and each integrated service network licensed by the commissioner under sections 62N.01 to 62N.22 shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization or integrated service network as reported to the commissioner of health according to the schedule in subdivision 4.

Sec. 30. Minnesota Statutes 1992, section 256.9657, is amended by adding a subdivision to read:

Subd. 4. [PHASE-IN PROVISION.] The surcharge described in subdivision 3 for integrated service networks in which at least 40 percent of the governance rights are controlled by health care providing entities shall be phased in as follows:

(1) for calendar years 1993 and 1994, the surcharge shall be zero;

(2) for calendar year 1995, the surcharge shall be two-tenths of one percent;

(3) for calendar year 1996, the surcharge shall be three-tenths of one percent;

(4) for calendar year 1997, the surcharge shall be four-tenths of one percent;

(5) for calendar year 1998, the surcharge shall be five-tenths of one percent; and

(6) for calendar year 1999, the surcharge shall be six-tenths of one percent.

Sec. 31. [STUDY OF STANDARDIZED PLAN.]

The Minnesota health care commission shall study methods of providing access to and control of prescribed medications and a set of comprehensive community pharmacy services, within the standardized benefit plans that integrated service networks are required to offer. These services must include:

(a) review of the patient's drug therapy to assure:

(1) use of an appropriate drug;

(2) a safe and effective dose of the drug;

(3) the potential for drug interactions and adverse reactions; and

(4) the presence of duplicate or unnecessary drug therapy;

(b) provision of objective and unbiased drug information to patients in order to assure compliance with prescribed regimens;

(c) provision of objective and unbiased drug information to other health care providers needed to assure appropriate drug therapy; and

(d) appropriate follow-up care to assure that the drug therapy achieves positive outcomes and to eliminate or minimize negative outcomes.

These pharmacy services shall be conducted in the community pharmacy setting at the pharmacy/patient interface.

The commission shall present recommendations to the legislature and the governor by February 1, 1994.

Sec. 32. [BORDER COMMUNITIES.]

The commissioner of health shall monitor the effects of integrated service networks and the regulated all-payer system in communities in which a substantial proportion of health care services provided to Minnesota residents are provided in states bordering Minnesota and may amend the rules adopted under this article or article 2 to minimize effects that inhibit Minnesota residents' ability to obtain access to quality health care. The commissioner shall report to the Minnesota health care commission and the legislature any effects that the commissioner intends to address by amendments to the rules adopted under this article or article 2.

Sec. 33. [EFFECTIVE DATE.]

Sections 1 to 32 are effective the day following final enactment, but no integrated service network may provide health care services prior to January 1, 1994.

ARTICLE 2

REGULATED ALL-PAYER SYSTEM GOVERNING SERVICES NOT PROVIDED THROUGH INTEGRATED SERVICE NETWORKS

Section 1. [62O.01] [REGULATED ALL-PAYER SYSTEM.]

The regulated all-payer system established under this chapter governs all health care services that are provided outside of an integrated service network. The regulated all-payer system is designed to control costs, prices, and utilization of all health care services not provided through an integrated service network while maintaining or improving the quality of services. The commissioner of health shall adopt rules establishing controls within the system to ensure that the rate of growth in spending in the system, after adjustments for population size and risk, remains within the limits set by the commissioner under section 62J.04. All providers that serve Minnesota residents and all health carriers that cover Minnesota residents shall comply with the requirements and rules established under this chapter for all health care services or coverage provided to Minnesota residents.

Sec. 2. [62O.03] [IMPLEMENTATION.]

(a) By January 1, 1994, the commissioner of health, in consultation with the Minnesota health care commission, shall report to the legislature recommendations for the design and implementation of the all-payer system. The commissioner may use a consultant or other technical assistance to develop a design for the all-payer system. The commissioner's recommendations shall include the following:

(1) methods for controlling payments to providers such as uniform fee schedules or rate limits to be applied to all health plans and health care providers with independent billing rights;

(2) methods for controlling utilization of services such as the application of standardized utilization review criteria, incentives based on setting and achieving volume targets, recovery of excess spending due to overutilization, or required use of practice parameters;

(3) methods for monitoring quality of care and mechanisms to enforce the quality of care standards;

(4) requirements for maintaining and reporting data on costs, prices, revenues, expenditures, utilization, quality of services, and outcomes;

(5) measures to prevent or discourage adverse risk selection between the regulated all-payer system and integrated service networks;

(6) measures to coordinate the regulated all-payer system with integrated service networks to minimize or eliminate barriers to access to health care services that might otherwise result;

(7) an appeals process;

(8) measures to encourage and facilitate appropriate use of midlevel practitioners and eliminate undesirable barriers to their participation in providing services;

(9) measures to assure appropriate use of technology and to manage introduction of new technology;

(10) consequences to be imposed on providers whose expenditures have exceeded the limits established by the commissioner; and

(11) restrictions on provider conflicts of interest.

(b) On January 1, 1995, the regulated all-payer system shall begin to be phased in with full implementation by January 1, 1997. During the transition period, all premium rates and provider fees shall be set in accordance with sections 620.04 and 620.05.

Sec. 3. [62O.04] [EXPENDITURE TARGETS FOR HEALTH CARRIERS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following definitions apply.

(b) "Health carrier" has the definition provided in section 62A.011.

(c) "Total expenditures" mean incurred claims or expenditures on health care services, plus administrative expenses.

Subd. 2. [ESTABLISHMENT.] The commissioner of health shall establish expenditure targets for total expenditures by health carriers, for calendar years 1994 and 1995. The expenditure targets must be consistent with and developed as part of the annual limits on the rate of growth in health care spending established under section 62J.04, subdivision 1. Each health carrier's expenditure target must be net of contributions to the Minnesota comprehensive health association, the provider surcharge under section 256.9657, the MinnesotaCare provider tax under section 295.52, assessments by the health coverage reinsurance association, assessments by the Minnesota life and health insurance guaranty association, and any new assessments imposed by federal or state action.

Subd. 3. [DETERMINATION OF EXPENDITURES.] Health carriers shall submit to the commissioner of health by April 1, 1994, for calendar year 1993, and by April 1, 1995, for calendar year 1994, all information the commissioner determines to be necessary to implement and enforce this section. The information must be submitted in the form specified by the commissioner. The information must include, but is not limited to, expenditures per member per month or cost per employee per month, and detailed information on revenues and reserves. The commissioner, to the extent possible, shall coordinate the submittal of the information required under this section with the submittal of the financial data required under chapter 62J, to minimize the administrative burden on health carriers. Health carriers may adjust final expenditure figures for demographic changes, risk selection, changes in basic benefits, and legislative initiatives that materially change health care costs, as long as these adjustments are approved in advance by the commissioner as actuarially justified and consistent with the methodology and assumptions used by the health carrier. The methodology to be used for adjustments must be submitted to the commissioner by September 1, 1993.

Subd. 4. [MONITORING OF RESERVES.] The commissioner of health shall monitor health carrier reserves, to ensure that savings resulting from the establishment of expenditure targets are passed on to consumers in the form of lower premium rates. The commissioner shall establish the following upper and lower limits on health carrier reserves:

(a) All health carriers, except those licensed under chapter 60A to sell accident and sickness insurance under chapter 62A and health maintenance organizations licensed under chapter 62D, shall maintain a reserve of at least 16-2/3 percent but not greater than 33-1/3 percent of the sum of all health service claims incurred, plus administrative expenses in connection therewith, during the most current calendar year.

(b) Health carriers licensed under chapter 60A to sell accident and sickness insurance under chapter 62A shall fully reflect in the premium rates the savings generated by the expenditure limits and the health care provider revenue limits. No premium rate increase may be approved for those health carriers unless the health carrier establishes to the satisfaction of the commissioner of commerce that the proposed new rate would comply with this paragraph.

(c) Health maintenance organizations licensed under chapter 62D shall maintain a reserve of at least 8-1/3 percent but not greater than 25 percent of the sum of all health service claims incurred, plus administrative expenses incurred in connection with them, during the most current calendar year.

Subd. 5. [NOTICE.] The commissioner of health shall publish in the State Register and make available to the public by May 1, 1995, a list of all health carriers that exceeded their expenditure target for the 1994 calendar year. The commissioner shall publish in the State Register and make available to the public by May 1, 1996, a list of all health carriers that exceeded their combined expenditure target for calendar years 1994 and 1995. The commissioner shall notify each health carrier that the commissioner has determined that the carrier exceeded its expenditure target, at least 30 days before publishing the list, and shall provide each carrier with ten days to provide an explanation for exceeding the expenditure target. The commissioner shall review the explanation and may change a determination if the commissioner determines the explanation to be valid.

Subd. 6. [ASSISTANCE BY THE COMMISSIONER OF COMMERCE.] The commissioner of commerce shall provide assistance to the commissioner of health in monitoring health carriers regulated by the commissioner of commerce. The commissioner of commerce, in consultation with the commissioner of health, shall enforce compliance by those health carriers.

Subd. 7. [ENFORCEMENT.] The commissioners of health and commerce shall enforce the reserve limits established in subdivision 4, with respect to the health carriers that each commissioner respectively regulates. Each commissioner shall require health carriers under the commissioner's jurisdiction to submit plans of corrective action when the reserve requirement is not met. Each commissioner has under this section all enforcement and rulemaking authority that the commissioner otherwise has with respect to the health carrier. Carriers that exceed the expenditure targets based on two-year average expenditure data or whose reserves exceed the limits established in subdivision 4 shall be required by the appropriate commissioner to pay back the amount overspent through an assessment on the carrier. The appropriate commissioner may approve a different repayment method to take into account the carrier's financial condition.

Subd. 8. [STUDY.] The commissioner of commerce shall study and report to the legislature, no later than December 15, 1993, as to whether the concept of a reserves corridor for purposes of monitoring revenues is adaptable for use with indemnity health insurers that do business in multiple states and that must comply with their domiciliary state's reserves requirement.

Sec. 4. [62O.05] [HEALTH CARE PROVIDER REVENUE LIMITS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "health care provider" has the definition given in section 62J.03, subdivision 8.

Subd. 2. [ESTABLISHMENT.] The commissioner of health shall establish revenue limits for health care providers, for calendar years 1994 and 1995. The revenue limits must be consistent with and developed as part of the annual limits on the rate of growth in health care spending established under section 62J.04, subdivision 1. Health care providers may adjust final revenue figures for case mix complexity, inpatient to outpatient conversion, payer mix, out-of-period settlements, taxes, donations, grants, and legislative initiatives that materially change health care costs. A health care provider's revenues for purposes of these growth limits are net of the contributions, surcharges, taxes, and assessments listed in section 62O.04, subdivision 2, that the health care provider pays.

Subd. 3. [MONITORING OF REVENUE.] The commissioner of health shall monitor health care provider revenue, to ensure that savings resulting from the establishment of revenue limits are passed on to consumers in the form of a reduction in the rate of growth of health care spending. The commissioner shall monitor hospital revenue by examining net patient revenue per adjusted admission. The commissioner shall monitor the revenue of physicians and other health care providers by examining revenue per patient per year or revenue per encounter. If this information is not available, the commissioner may enforce an annual limit on the rate of growth of the average provider's current fees based on the limits on the rate of growth established for calendar years 1994 and 1995.

Subd. 4. [MONITORING AND ENFORCEMENT.] Health care providers shall submit to audits conducted by the commissioner. The commissioner shall audit all health clinics employing or contracting with over 100 physicians. The commissioner shall also audit, at times and in a manner that does not interfere with delivery of patient care, a sample of smaller clinics, hospitals, and other health care providers. Providers that exceed revenue limits based on two-year average revenue data shall be required by the commissioner to pay back the amount overspent during the following calendar year. The commissioner may approve a different repayment schedule for a health care provider that takes into account the provider's financial condition. For those providers subject to fee limits established by the commissioner, the commissioner may adjust the percentage increase in the fee schedule to account for changes in utilization.

Sec. 5. [APPLICABILITY OF OTHER LAWS.]

Except as expressly provided in rules adopted under this chapter, to the extent that a provider provides services in the regulated all-payer system, the provider is subject to all other statutes and rules that apply to providers of that type on the effective date of this section, including, as applicable, Minnesota Statutes, sections 62J.17 and 62J.23.

Sec. 6. [STUDY OF THE TRANSITION TO AN ALL-PAYER SYSTEM.]

The Minnesota health care commission shall study issues related to the transition to an all-payer system and shall report to the legislature and the governor by February 1, 1994. The report must include, but is not limited to, recommendations to minimize any financial and administrative burden of an all-payer system on providers in areas of the state without integrated service networks, increase the availability of integrated service networks in rural areas of the state, encourage the development of provider-managed integrated service networks, and ensure continued access to necessary health care services in all areas of the state.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment.

ARTICLE 3

DATA COLLECTION AND COST CONTROL INITIATIVES

Section 1. Minnesota Statutes 1992, section 62J.03, subdivision 6, is amended to read:

Subd. 6. [GROUP PURCHASER.] "Group purchaser" means a person or organization that purchases health care services on behalf of an identified group of persons, regardless of whether the cost of coverage or services is paid for by the purchaser or by the persons receiving coverage or services, as further defined in rules adopted by the commissioner. "Group purchaser" includes, but is not limited to, integrated service networks; health insurance companies, health maintenance organizations, nonprofit health service plan corporations, and other health plan companies; employee health plans offered by self-insured employers; trusts established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq.; the Minnesota comprehensive health association; group health coverage offered by fraternal organizations, professional associations, or other organizations; state and federal health care programs; state and local public employee health plans; workers' compensation plans; and the medical component of automobile insurance coverage.

Sec. 2. Minnesota Statutes 1992, section 62J.04, subdivision 1, is amended to read:

Subdivision 1. [~~COMPREHENSIVE BUDGET~~ LIMITS ON THE RATE OF GROWTH.] (a) The commissioner of health shall set ~~an~~ annual ~~limit~~ limits on the rate of growth of public and private spending on health care services for Minnesota residents, as provided in paragraph (b). The ~~limit~~ limits on growth must be set at ~~a level~~ levels the commissioner determines to be realistic and achievable but that will ~~slow~~ reduce the ~~current~~ rate of growth in health care spending by at least ten percent per year ~~using the spending growth rate for 1991 as a base year. This limit must be achievable through good faith, cooperative efforts of health care consumers, purchasers, and providers.~~ for the next five years. The commissioner shall set limits on growth based on available data on spending and growth trends, including data from group purchasers, national data on public and private sector health care spending and cost trends, and trend information from other states.

(b) The commissioner shall set the following annual limits on the rate of growth of public and private spending on health care services for Minnesota residents:

(1) for calendar year 1994, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points;

(2) for calendar year 1995, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points;

(3) for calendar year 1996, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points;

(4) for calendar year 1997, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points; and

(5) for calendar year 1998, the rate of growth must not exceed the change in the regional consumer price index for urban consumers plus .. percentage points.

If the health care financing administration forecast for the total growth in national health expenditures for a calendar year is lower than the rate of growth for the calendar year as specified in clauses (1) to (5), the commissioner shall adopt this forecast as the growth limit for that calendar year. The commissioner shall adjust the growth limit set for calendar year 1995 to recover savings in health care spending required for the period July 1, 1993 to December 31, 1993. The commissioner shall publish:

(1) the limits in the State Register by March 15 of the year immediately preceding the year in which the limit will be effective except for the year 1993, in which the limit shall be published by July 1, 1993;

(2) the quarterly change in the regional consumer price index for urban consumers; and

(3) the health care financing administration forecast for total growth in the national health care expenditures. In setting an annual limit, the commissioner is exempt from the rulemaking requirements of chapter 14. The commissioner's decision on an annual limit is not appealable.

Sec. 3. Minnesota Statutes 1992, section 62J.04, is amended by adding a subdivision to read:

Subd. 1a. [ENFORCEMENT OF LIMITS ON GROWTH.] (a) The commissioner shall enforce limits on growth in spending and revenues for integrated service networks and for the regulated all-payer system. For purposes of enforcing limits, the commissioner may adjust a growth limit to account for differences between the actual and forecasted change in health care spending. If the commissioner determines that artificial inflation or padding of costs or prices has occurred in anticipation of the implementation of growth limits, the commissioner may adjust the base year spending totals or growth limits or take other action to reverse the effect of the artificial inflation or padding.

(b) The commissioner shall impose and enforce overall limits on growth in revenues and spending for integrated service networks, with adjustments for changes in enrollment, benefits, severity, and risks. If an integrated service network exceeds a spending limit, the commissioner may reduce future limits on growth in aggregate premium revenues for that integrated service network by up to the amount overspent. If the integrated service network system exceeds a systemwide spending limit, the commissioner may reduce future limits on growth in premium revenues for the integrated service network system by up to the amount overspent.

(c) The commissioner shall set prices, utilization controls, and other requirements for the regulated all-payer system to ensure that the overall costs of this system, after adjusting for changes in population, severity, and risk, do not exceed the growth limits. If spending growth limits for a calendar year are exceeded, the commissioner may reduce reimbursement rates or otherwise recoup overspending for all or part of the next calendar year, to recover in savings up to the amount of money overspent. To the extent possible, the commissioner may reduce reimbursement rates or otherwise recoup overspending from individual providers who exceed the spending growth limits.

Sec. 4. Minnesota Statutes 1992, section 62J.04, subdivision 2, is amended to read:

Subd. 2. [DATA COLLECTION BY COMMISSIONER.] For purposes of ~~setting~~ forecasting rates of growth in health care spending and setting limits under ~~this section~~ subdivisions 1 and 1a, the commissioner ~~shall~~ may collect from ~~all~~ Minnesota health care providers data on patient revenues and health care spending received during a time period specified by the commissioner. The commissioner ~~shall~~ may also collect data on health care revenues and spending from ~~all~~ group purchasers of health care. ~~All~~ Health care providers and group purchasers doing business in the state shall provide the data requested by the commissioner at the times and in the form specified by the commissioner. Professional licensing boards and state agencies responsible for licensing, registering, or regulating providers shall cooperate fully with the commissioner in achieving compliance with the reporting requirements.

Subd. 2a. [FAILURE TO PROVIDE DATA.] The intentional failure to provide ~~reports~~ the data requested under this ~~section~~ chapter is grounds for revocation of a license or other disciplinary or regulatory action against a regulated provider. The commissioner may assess a fine against a provider who refuses to provide ~~information~~ data required by the commissioner ~~under this section~~. If a provider refuses to provide ~~a report or information~~ the data required ~~under this section~~, the commissioner may obtain a court order requiring the provider to produce documents and allowing the commissioner to inspect the records of the provider for purposes of obtaining the ~~information~~ data required ~~under this section~~.

Subd. 2b. [DATA PRIVACY.] All data received is private or nonpublic, ~~trade secret information under section 13.37~~ as applicable, except to the extent that it is given a different classification elsewhere in this chapter. The commissioner shall establish procedures and safeguards to ensure that data ~~provided to the Minnesota health care commission~~ released by the commissioner is in a form that does not identify ~~individual~~ specific patients, providers, employers, purchasers, or other specific individuals and organizations, except with the permission of the affected individual or organization, or as permitted elsewhere in this chapter.

Sec. 5. Minnesota Statutes 1992, section 62J.09, is amended by adding a subdivision to read:

Subdivision 1a. [DUTIES RELATED TO COST CONTAINMENT.] (a) [ALLOCATION OF REGIONAL SPENDING LIMITS.] Regional coordinating boards may advise the commissioner regarding allocation of annual regional limits on the rate of growth for providers in the regulated all-payer system in order to:

(1) achieve communitywide and regional public health goals consistent with those established by the commissioner; and

(2) promote access to and equitable reimbursement of preventive and primary care providers.

(b) [TECHNICAL ASSISTANCE.] Regional coordinating boards, in cooperation with the commissioner, shall provide technical assistance to parties interested in establishing or operating an integrated service network within the region. This assistance must complement assistance provided by the commissioner under section 62N.23.

Sec. 6. Minnesota Statutes 1992, section 62J.33, is amended to read:

62J.33 [~~TECHNICAL ASSISTANCE~~ INFORMATION ON COST AND QUALITY FOR PURCHASERS.]

Subdivision 1. [HEALTH CARE ANALYSIS UNIT.] The health care analysis unit shall provide ~~technical assistance~~ information to ~~health plan and health care~~ assist group purchasers and consumers in making informed decisions regarding purchasing of health care services. The unit shall provide information allowing comparisons between integrated service networks and between health care services and systems. The unit shall collect information about:

(1) premiums, benefit levels, patient or enrollee satisfaction, managed care procedures, health care outcomes, and other features of ~~popular~~ integrated service networks, health plans, and health carriers; ~~and~~

(2) prices, outcomes, provider experience, and other information for services less commonly covered by insurance or for which patients commonly face significant out-of-pocket expenses; and

(3) information on health care services not provided through integrated service networks, including information on prices, costs, expenditures, utilization, quality of care, and outcomes.

The commissioner shall publicize this information in an easily understandable format.

Subd. 2. [INFORMATION CLEARINGHOUSE.] The commissioner of health shall establish an information clearinghouse within the department of health to facilitate the ability of consumers, employers, providers, health carriers, and others to obtain information on health care costs and quality in Minnesota. The commissioner shall make available through the clearinghouse information developed or collected by the department of health on practice parameters, outcomes data and research, the costs and quality of integrated service networks, reports or recommendations of the health planning advisory committee and other entities on technology assessments, worksite wellness and prevention programs, other wellness programs, consumer education, and other initiatives. The clearinghouse shall, upon request, make available information submitted voluntarily by health plans, providers, employers, and others if the information clearly states that an entity other than the state submitted the information, identifies the entity, and states that distribution by the clearinghouse does not imply endorsement of the entity or the information by the commissioner of health or the state of Minnesota. The clearinghouse shall also refer requesters to sources of further information or assistance. The clearinghouse is subject to chapter 13.

Sec. 7. [62J.35] [DATA COLLECTION.]

Subdivision 1. [CONTRACTING.] The commissioner may contract with private organizations to carry out the data collection initiatives required by this chapter. The commissioner shall require in the contract that organizations under contract adhere to the data privacy requirements established under this chapter and chapter 13.

Subd. 2. [EMERGENCY RULES.] The commissioner shall adopt emergency and permanent rules to implement the data collection and reporting requirements in this chapter. The commissioner may combine all data reporting and collection requirements into a unified process so as to minimize duplication and administrative costs.

Sec. 8. [62J.37] [DATA FROM INTEGRATED SERVICE NETWORKS.]

The commissioner shall require integrated service networks operating under section 62N.06, subdivision 1, to submit data on health care spending and revenue for calendar year 1994 by February 15, 1995. Each February 15 thereafter, integrated service networks shall submit to the commissioner data on health care spending and revenue for the preceding calendar year. The data must be provided in the form specified by the commissioner. To the extent that an integrated service network is operated by a group purchaser under section 62N.06, subdivision 2, the integrated service network is exempt from this section and the group purchaser must provide data on the integrated service network under section 62J.38.

Sec. 9. [62J.38] [DATA FROM GROUP PURCHASERS.]

(a) The commissioner shall require group purchasers to submit detailed data on total health care spending for calendar years 1990, 1991, and 1992, and for calendar year 1993 and successive calendar years. Group purchasers shall submit data for the 1993 calendar year by February 15, 1994, and each February 15 thereafter shall submit data for the preceding calendar year.

(b) The commissioner shall require each group purchaser to submit data on revenue, expenses, and member months, as applicable. Revenue data must distinguish between premium revenue and revenue from other sources and must also include information on the amount of revenue in reserves and changes in reserves. Expenditure data, including raw data from claims, must be provided separately for the following categories: physician services, dental services, other professional services, inpatient hospital services, outpatient hospital services, emergency and out-of-area care, pharmacy services and prescription drugs, mental health services, chemical dependency services, other expenditures, and administrative costs.

(c) State agencies and all other group purchasers shall provide the required data using a uniform format and uniform definitions, as prescribed by the commissioner.

Sec. 10. [62J.40] [DATA FROM STATE AGENCIES.]

In addition to providing the data required under section 62J.38, the commissioners of human services, commerce, labor and industry, and employee relations and all other state departments or agencies that administer one or more health care programs shall provide to the commissioner of health any additional data on the health care programs they administer that is requested by the commissioner of health, including data in unaggregated form, for purposes of developing estimates of spending, setting spending limits, and monitoring actual spending. The data must be provided at the times and in the form specified by the commissioner of health.

Sec. 11. [62J.41] [DATA FROM PROVIDERS.]

Subdivision 1. [DATA TO BE COLLECTED FROM PROVIDERS.] The commissioner shall require health care providers to collect and provide both patient specific information and descriptive and financial aggregate data on:

(1) the total number of patients served;

(2) the total number of patients served by state of residence and Minnesota county;

(3) the site or sites where the health care provider provides services;

(4) the number of individuals employed, by type of employee, by the health care provider;

(5) the services and their costs for which no payment was received;

(6) total revenue by type of payer, including but not limited to, revenue from Medicare, medical assistance, MinnesotaCare, nonprofit health service plan corporations, commercial insurers, integrated service networks, health maintenance organizations, and individual patients;

(7) revenue from research activities;

(8) revenue from educational activities;

(9) revenue from out-of-pocket payments by patients;

(10) revenue from donations; and

(11) any other data required by the commissioner, including data in unaggregated form, for the purposes of developing spending estimates, setting spending limits, monitoring actual spending, and monitoring costs and quality.

Subd. 2. [ANNUAL MONITORING AND ESTIMATES.] The commissioner shall require health care providers to submit the required data for the period July 1, 1993 to December 31, 1993, by February 15, 1994. Health care providers shall submit data for the 1994 calendar year by February 15, 1995, and each February 15 thereafter shall submit data for the preceding calendar year. The commissioner of revenue may collect health care service revenue data from health care providers, if the commissioner of revenue and the commissioner agree that this is the most efficient method of collecting the data. The commissioner of revenue shall provide any data collected to the commissioner of health.

Subd. 3. [PUBLIC HEALTH GOALS.] The commissioner shall establish specific public health goals including, but not limited to, increased delivery of prenatal care, improved birth outcomes, and expanded childhood immunizations. The commissioner shall consider the community public health goals and the input of the statewide advisory committee on community health in establishing the statewide goals. The commissioner shall require health care providers and integrated service networks to maintain and periodically report information on changes in health outcomes related to specific public health goals. The information must be provided at the times and in the form specified by the commissioner.

Subd. 4. [REGIONAL PUBLIC HEALTH GOALS.] The regional coordinating boards shall adopt regional public health goals based on the relevant portions of the community health service plans, plans required by the Minnesota comprehensive adult mental health act and the Minnesota comprehensive children's mental health act, and community social service act plans developed by county boards or community health boards in the region under chapters 145A, 245, and 256E.

Sec. 12. [62J.42] [QUALITY, UTILIZATION, AND OUTCOME DATA.]

The commissioner shall also require group purchasers and health care providers to maintain and periodically report information on quality of care, utilization, and outcomes. The information must be provided at the times and in the form specified by the commissioner.

Sec. 13. [62J.44] [PUBLICATION OF DATA.]

(a) Notwithstanding section 62J.04, subdivision 2b, the commissioner may publish data on health care costs and spending, quality and outcomes, and utilization for health care institutions, individual health care professionals and groups of health care professionals, group purchasers, and integrated service networks, with a description of the methodology used for analysis, in order to provide information to purchasers and consumers of health care. The commissioner shall not reveal the name of an institution, group of professionals, individual health care professional, group purchaser, or integrated service network until after the institution, group of professionals, individual health care professional, group purchaser, or integrated service network has had 15 days to review the data and comment. The commissioner shall include any comments received in the release of the data.

(b) Summary data derived from data collected under this chapter may be provided under section 13.05, subdivision 7, and may be released in studies produced by the commissioner or otherwise in accordance with chapter 13.

Sec. 14. [62J.45] [DATA INSTITUTE.]

Subdivision 1. [STATEMENT OF PURPOSE.] It is the intention of the legislature to create a public-private mechanism for the collection of health care expenditures and outcome data, to the extent administratively efficient and effective. This integrated data system will provide clear, usable information on the cost, quality, and structure of health care services in Minnesota.

The health reform initiatives being implemented rely heavily on the availability of valid, objective data that currently are collected in many forms within the health care industry. Data collection needs cannot be efficiently met by undertaking separate data collection efforts.

The data institute created in this section will be a partnership between the commissioner of health and a board of directors representing health carriers and other group purchasers, health care providers, and consumers. These entities will work together to establish a centralized cost and quality data system that will be used by the public and private sectors. The data collection advisory committee and the practice parameter advisory committee shall provide assistance to the institute.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following definitions apply.

(a) "Board" means the board of directors of the data institute.

(b) "Encounter level data" means data related to the provision of health care services to individual patients, enrollees, or insureds, including claims data, abstracts of medical records, and data from patient interviews and patient surveys.

(c) "Health carrier" has the definition provided in section 62A.011, subdivision 2.

Subd. 3. [OBJECTIVES OF THE DATA INSTITUTE.] The data institute shall:

(1) provide direction and coordination for public and private sector data collection efforts;

(2) establish a data system that provides users of data with the data necessary for their specific interests, in order to promote a high quality, cost-effective, consumer-responsive health care system;

(3) use and build upon existing data sources and quality measurement efforts, and improve upon these existing data sources and measurement efforts through the integration of data systems and the standardization of concepts, to the greatest extent possible;

(4) ensure that each segment of the health care industry can obtain data for appropriate purposes in a useful format and timely fashion; and

(5) protect the privacy of individuals and minimize administrative costs.

The institute shall carry out these activities in accordance with the recommendations of the data collection plan developed by the data collection advisory committee, the Minnesota health care commission, and the commissioner of health, under subdivision 4.

Subd. 4. [DATA COLLECTION PLAN.] The commissioner, in consultation with the data collection advisory committee and the Minnesota health care commission, shall develop and implement a plan that:

(1) provides data collection objectives, strategies, priorities, cost estimates, administrative and operational guidelines, and implementation timelines for the data institute; and

(2) identifies the encounter level data needed for the commissioner to carry out the duties assigned in this chapter.

The plan must take into consideration existing data sources and data sources that can easily be made uniform for linkages to other data sets.

Subd. 5. [COMMISSIONER'S DUTIES.] The commissioner shall establish a public/private data institute in conjunction with health care providers, health carriers and other group purchasers, and consumers, to collect and process encounter level data that are required to be submitted to the commissioner under this chapter. The commissioner shall not collect encounter level data from individual health care providers until standardized forms and procedures are available. The commissioner shall establish a board of directors comprised of members of the public and private sector to provide oversight for the administration and operation of the institute. The commissioner may intervene in the direct operation of the institute, if this is necessary in the judgment of the commissioner to accomplish the institute's duties.

Subd. 6. [BOARD OF DIRECTORS.] The institute is governed by a 23-member board of directors consisting of the following members:

(1) two representatives of hospitals, one appointed by the Minnesota Hospital Association and one appointed by the Minnesota Health Care Council;

(2) three representatives of health carriers, one appointed by the Minnesota Council of Health Maintenance Organizations, one appointed by Blue Cross Blue Shield, and one appointed by the Insurance Federation of Minnesota;

(3) three consumer members appointed by the commissioner, at least one of whom must be a labor union representative;

(4) four employer representatives appointed by the Minnesota Chamber of Commerce, two of whom must represent employers with less than 50 employees;

(5) two physicians appointed by the Minnesota Medical Association;

(6) two pharmacists appointed by the Minnesota Pharmacists Association;

(7) one nursing representative appointed by the Minnesota Nurses Association;

(8) four representatives of state agencies, one member representing the department of employee relations, one member representing the department of human services, one member representing the department of commerce, and one member representing the department of health; and

(9) two researchers experienced in the collection and processing of encounter level data to be appointed by the commissioner. No more than 11 members of the board of directors may be of one gender. Appointing authorities shall consult with each other to assure compliance with this requirement. Appointing authorities shall also consult with each other to attempt to assure geographical balance.

Subd. 7. [TERMS; COMPENSATION; REMOVAL; AND VACANCIES.] The board is governed by section 15.0575.

Subd. 8. [STAFF.] The board may hire an executive director. The executive director is not a state employee but is covered by section 3.736. The executive director may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the health insurance and life insurance plans. The attorney general shall provide legal services to the board.

Subd. 9. [DUTIES.] The board shall provide assistance to the commissioner in determining what data projects should be pursued and how data will be validated for statistical and clinical significance. If the commissioner intends to depart from the advice and recommendations of the board, the commissioner shall inform the board of the intended departure, provide a written explanation of the reasons for the departure, and give the board the opportunity to comment on the departure. The board shall advise and make recommendations to the commissioner on:

(1) the purpose of initiating a data collection project;

(2) the expected benefit to the state from the project;

(3) the methodology needed to assure the validity of the project without creating an undue burden to providers and payers;

(4) the most appropriate method of collecting the necessary data; and

(5) the projected cost to the state, health care providers, health carriers, and other group purchasers to complete the project.

Subd. 10. [DATA COLLECTION.] The commissioner, in consultation with the data institute board, may select a vendor to:

(1) collect the encounter level data required to be submitted by group purchasers under sections 62J.38 and 62J.42, state agencies under section 62J.40, and health care providers under sections 62J.41 and 62J.42, using, to the greatest extent possible, standardized forms and procedures;

(2) collect the encounter level data required for the initiatives of the health care analysis unit, under sections 62J.30 to 62J.34, using, to the greatest extent possible, standardized forms and procedures;

(3) process the data collected to ensure validity, consistency, accuracy, and completeness, and as appropriate, merge data collected from different sources;

(4) provide unaggregated, encounter level data to the health care analysis unit within the department of health; and

(5) carry out other duties assigned in this section.

Subd. 11. [USE OF DATA.] (a) The board of the data institute, with the advice of the data collection advisory committee and the practice parameter advisory committee, is responsible for establishing the methodology for the collection and analysis of the data and the development and dissemination of reports.

(b) The health care analysis unit is responsible for the analysis of the data and the development and dissemination of reports.

(c) The commissioner, in consultation with the board, shall determine when and under what conditions data disclosure to group purchasers, health care providers, consumers, researchers, and other appropriate parties may occur to meet the state's goals. The commissioner may require users of data to contribute toward the cost of data collection through the payment of fees. The commissioner shall require users of data to maintain the data according to the data privacy provisions applicable to the data.

Subd. 12. [CONTRACTING.] The commissioner, in consultation with the board, may contract with private sector entities to carry out the duties assigned in this section. The commissioner shall diligently seek to enter into contracts with private sector entities. Any contract must list the specific data to be collected and the methods to be used to collect and validate the data. Any contract must require the private sector entity to maintain the data collected according to the data privacy provisions applicable to the data.

Subd. 13. [DATA PRIVACY.] The board and the institute are subject to chapter 13.

Subd. 14. [STANDARDS FOR DATA RELEASE.] The data institute shall adopt standards for the collection, analysis, and dissemination of data collected on costs, spending, quality, outcomes, and utilization. These standards must be consistent with data privacy requirements. Standards for data on health care costs and spending must ensure that the data are collected, analyzed, and disseminated with consistency, accuracy, and completeness. Standards for data on quality, outcomes, and utilization must ensure that the data are collected, analyzed, and disseminated using scientifically and statistically valid techniques that are accurate and reliable, adjust for severity, and are appropriate for evaluating practice patterns and outcomes.

Subd. 15. [INFORMATION CLEARINGHOUSE.] The commissioner shall coordinate the activities of the data institute with the activities of the information clearinghouse established in section 62J.33, subdivision 2.

Subd. 16. [FEDERAL AND OTHER GRANTS.] The commissioner, in collaboration with the board, shall seek federal funding and funding from private and other nonstate sources for the initiatives required by the board.

Sec. 15. [62J.46] [MONITORING AND REPORTS.]

Subdivision 1. [LONG-TERM CARE COSTS.] The commissioner, with the advice of the interagency long-term care planning committee established under section 144A.31, shall use existing state data resources to monitor trends in public and private spending on long-term care costs and spending in Minnesota. The commissioner shall recommend to the legislature any additional data collection activities needed to monitor these trends. State agencies collecting information on long-term care spending and costs shall coordinate with the interagency long-term care planning committee and the commissioner to facilitate the monitoring of long-term care expenditures in the state.

Subd. 2. [COST SHIFTING.] The commissioner shall monitor the extent to which reimbursement rates for government health care programs lead to the shifting of costs to private payers. By January 1, 1995, the commissioner shall report any evidence of cost shifting to the legislature and make recommendations on adjustments to the cost containment plan that should be made due to cost shifting.

Sec. 16. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall insert section 62J.04, subdivisions 2, 2a, and 2b, as subdivisions 1, 2, and 3 in section 62J.35, and renumber the other subdivisions of section 62J.35 as subdivisions 4 and 5 of that section in the next and subsequent editions of Minnesota Statutes.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective the day following final enactment.

ARTICLE 4

TECHNOLOGY ADVISORY COMMITTEE

Section 1. [16B.1021] [STATE NEGOTIATED VOLUME DISCOUNTS.]

The commissioner of administration, in cooperation with the commissioners of employee relations, health, and human services, shall establish a drug volume purchasing program under which the state will negotiate volume discounts from drug distributors and manufacturers on behalf of those pharmacies, health carriers, integrated service networks, employers, and other organizations that choose to participate in the program. The purpose of the program is to enable small purchasers to obtain lower prices on drugs as a result of the discounts that can be obtained through large volume purchasing.

Sec. 2. Minnesota Statutes 1992, section 62J.03, is amended by adding a subdivision to read:

Subd. 9. [SAFETY.] "Safety" means a judgment of the acceptability or risk of using a technology in a specified situation.

Sec. 3. Minnesota Statutes 1992, section 62J.15, subdivision 1, is amended to read:

Subdivision 1. [~~HEALTH PLANNING~~ TECHNOLOGY ADVISORY COMMITTEE.] The ~~Minnesota health care commission~~ commissioner shall convene an advisory committee to ~~make recommendations regarding the use and distribution~~ conduct evaluations of existing technology assessments made by other entities of new and existing health care technologies ~~and procedures and major capital expenditures by providers~~. The advisory committee may include members of the state commission and other persons appointed by the commission. The advisory committee must include at least one person representing physicians, at least one person representing hospitals, and at least one person representing the health care technology industry. Health care technologies ~~and procedures~~ include high-cost ~~pharmaceuticals, organ and other high-cost transplants, high-cost~~ drugs, devices, procedures, knowledge, or processes applied to human health care ~~procedures and devices excluding United States Food and Drug Administration approved implantable or wearable medical devices~~, such as high-cost transplants and expensive, ~~large scale technologies such as~~ scanners and imagers. The advisory committee is governed by section 15.0575, subdivision 3, except that members do not receive per diem payments.

Subd. 1a. [DEFINITION.] For purposes of sections 62J.15 to 62J.156, the terms "evaluate," "evaluation," and "evaluating" mean the review or reviewing of technology assessments conducted by other entities of a specific technology and its specific clinical application.

Sec. 4. [62J.152] [DUTIES OF TECHNOLOGY ADVISORY COMMITTEE.]

Subdivision 1. [GENERALLY.] The technology advisory committee established in section 62J.15 shall:

(1) develop criteria and processes for evaluating health care technology assessments made by other entities;

(2) conduct evaluations of specific technology and its specific clinical application; and

(3) report the results of the evaluations to the commissioner and the Minnesota health care commission.

Subd. 2. [PRIORITIES FOR DESIGNATING TECHNOLOGIES FOR ASSESSMENT.] The technology advisory committee shall consider the following criteria in designating technologies for evaluation:

(1) the level of controversy within the medical or scientific community, including questionable or undetermined efficacy;

(2) the cost implications;

(3) the potential for rapid diffusion;

(4) the impact on a substantial patient population;

(5) the existence of alternative technologies;

(6) the impact on patient safety and health outcome;

(7) the public health importance;

(8) the level of public and professional demand;

(9) the social, ethical, and legal concerns; and

(10) the prevalence of the disease or condition.

The committee may give different weights or attach different importance to each of the criteria, depending on the technology being considered. The committee shall consider any additional criteria approved by the commissioner and the Minnesota health care commission.

Subd. 3. [CRITERIA FOR EVALUATING TECHNOLOGY.] In developing the criteria for evaluating specific technologies, the technology advisory committee shall consider safety, improvement in health outcomes, and the degree to which a technology is clinically effective and cost-effective, and other factors.

Subd. 4. [TECHNOLOGY EVALUATION PROCESS.] (a) The technology advisory committee shall collect and evaluate studies and research findings on the technologies selected for evaluation from as wide of a range of sources as needed, including, but not limited to: federal agencies or other units of government, international organizations conducting health care technology assessments, health carriers, insurers, manufacturers, professional and trade associations, nonprofit organizations, and academic institutions. The technology advisory committee may use consultants or experts and solicit testimony or other input as needed to evaluate a specific technology.

(b) When the evaluation process on a specific technology has been completed, the technology advisory committee shall submit a preliminary report to the information clearinghouse. The preliminary report must include the results of the technology assessment evaluation, studies and research findings considered in conducting the evaluation, and the technology advisory committee's summary statement about the evaluation. Any interested persons or organizations may submit to the technology advisory committee written comments regarding the technology evaluation within 30 days from the date the preliminary report was submitted. The technology advisory committee's final report on its technology evaluation must be submitted to the information clearinghouse. Any written comments received by the technology advisory committee within the 30-day period must be included with the final report.

Subd. 5. [USE OF TECHNOLOGY EVALUATION.] Once the technology advisory committee has evaluated a specific technology, the final report and any written comments shall be provided to the commissioner and the Minnesota health care commission. The final report on the technology evaluation may also be used:

(1) by the commissioner in retrospective and prospective review of major expenditures;

(2) by integrated service networks and other group purchasers and by employers, in making coverage, contracting, purchasing, and reimbursement decisions;

(3) by government programs and regulators of the regulated all-payer system, in making coverage, contracting, purchasing, and reimbursement decisions;

(4) by the commissioner and other organizations in the development of practice parameters;

(5) by health care providers in making decisions about adding or replacing technology and the appropriate use of technology;

(6) by consumers in making decisions about treatment;

(7) by medical device manufacturers in developing and marketing new technologies; and

(8) as otherwise needed by health care providers, health care plans, consumers, and purchasers.

Subd. 6. [APPLICATION TO THE REGULATED ALL-PAYER SYSTEM.] The technology advisory committee shall recommend to the Minnesota health care commission and the commissioner methods to control the diffusion and use of technology within the regulated all-payer system for services provided outside of an integrated service network.

Subd. 7. [DATA GATHERING.] In evaluating a specific technology, the technology advisory committee may seek the use of data collected by manufacturers, health plans, professional and trade associations, nonprofit organizations, academic institutions, or any other organization or association that may have data relevant to the committee's technology evaluation. All information obtained under this subdivision shall be considered nonpublic data under section 13.02, subdivision 9, unless the data is already available to the public generally or upon request.

Sec. 5. [62J.153] [CONFLICTS OF INTEREST.]

No member of the technology advisory committee may participate or vote in the committee's proceedings involving an individual provider, purchaser or patient, or a specific activity or transaction, if the member has a direct financial interest in the outcome of the committee's proceedings other than as an individual consumer of health care services.

Sec. 6. [62J.154] [TORT CLAIMS DEFENSE AND INDEMNIFICATION.]

The technology advisory committee established under section 62J.15 is included within the definition of "state" in section 3.732, subdivision 1, clause (1). Members of the technology advisory committee shall be considered "employees of the state" as defined in section 3.732, subdivision 1, clause (2).

Sec. 7. [62J.156] [CLOSED COMMITTEE HEARINGS.]

Notwithstanding section 471.705, the technology advisory committee may meet in closed session to discuss a specific technology or procedure that involves data received under section 62J.152, subdivision 7, that have been classified as nonpublic data, where disclosure of the data would cause harm to the competitive or economic position of the source of the data.

Sec. 8. [REPEALER.]

Minnesota Statutes 1992, section 62J.15, subdivision 2, is repealed.

ARTICLE 5

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 3.732, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the housing finance agency, the higher education coordinating board, the higher education facilities authority, the technology advisory committee, the practice parameter advisory committee, the armory building commission, the zoological board, the iron range resources and rehabilitation board, the state agricultural society, the University of Minnesota, state universities, community colleges, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota national guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor or members of the Minnesota national guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. "Employee of the state" includes a public defender appointed by the state board of public defense, and a member of the technology advisory committee or the practice parameter advisory committee.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. [43A.312] [LIMITATION ON COMPENSATION.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following definitions apply:

(a) "Administrative employee" means an individual whose primary duty as an employee is the performance of office or nonmanual work directly related to management policies or general business operations.

(b) "Compensation" means the annual value of wages, salary, benefits, deferred compensation, and stock options.

(c) "Executive employee" means an individual whose primary duty as an employee consists of the management of the enterprise in which the individual is employed.

(d) "Health care provider" means a person or organization that provides health care or medical care services within Minnesota for a fee and is eligible for reimbursement under the medical assistance program under chapter 256B. "Health care provider" includes a for-profit affiliate of the health care provider. For purposes of this subdivision, "for a fee" includes traditional fee-for-service arrangements, capitation arrangements, and any other arrangement in which a provider receives compensation for providing health care services or has the authority to directly bill a group purchaser, health carrier, or individual for providing health care services. For purposes of this subdivision, "eligible for reimbursement under the medical assistance program" means that the provider's services would be reimbursed by the medical assistance program if the services were provided to medical assistance enrollees and the provider sought reimbursement, or that the services would be eligible for reimbursement under medical assistance except that those services are characterized as experimental, cosmetic, or voluntary.

(e) "Health carrier" has the meaning given in section 62A.011, subdivision 2, except that for purposes of this section, the term also includes for-profit affiliates of health carriers.

(f) "State health care plan" means the medical assistance program, the general assistance medical care program, the MinnesotaCare program, health insurance plans for state employees established under section 43A.18, the public employees insurance plan under section 43A.316, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota comprehensive health association under sections 62E.01 to 62E.19.

Subd. 2. [SALARY RATIO LIMITATION.] No health care provider or health carrier serving enrollees or clients of a state health care plan, or serving as a contractor or third-party administrator for a state health care plan, may compensate its most highly paid executive or administrative employee an amount exceeding 25 times the compensation paid to its lowest paid employee. For purposes of this requirement, stock options are valued at fair market value at the time they become the property of the employee.

Subd. 3. [REPORTING.] All health care providers and health carriers subject to the salary ratio limitation in subdivision 2 shall report the compensation received by its most highly paid executive or administrative employee, based upon full-time equivalents, and its lowest paid employee, based upon full-time equivalents, to the commissioner of employee relations. This information shall be provided in the form and at the times specified by the commissioner. This information on compensation is classified as public data under chapter 13. Health carriers subject to subdivision 2, and state health care programs, shall report the names and business addresses of all health care providers serving as participating providers to the commissioner of employee relations. This information is classified as private data under chapter 13.

Subd. 4. [ENFORCEMENT.] The commissioner of employee relations shall verify that all health care providers and health carriers subject to subdivision 2 have reported the information required in subdivision 3, and shall verify that all health care providers and health carriers have complied with the salary ratio limitation. The commissioner shall notify all health care providers and health carriers in violation of subdivision 2, and shall provide four years for the health care provider or health carrier to comply with the salary ratio limitation. The commissioner shall require health care providers and health carriers to submit the information necessary to demonstrate compliance. If at the end of four years the health care provider or health carrier has not complied, the commissioner, in conjunction with the appropriate agency commissioner or commissioners, shall prohibit the health care provider or health carrier from serving enrollees or clients of a state health care plan, or from serving as a contractor or third party administrator for state health care plans. All state agency commissioners shall cooperate with the commissioner of employee relations in administering and enforcing this section.

Sec. 3. Minnesota Statutes 1992, section 60A.02, subdivision 1a, is amended to read:

Subd. 1a. [ASSOCIATION OR ASSOCIATIONS.] (a) "Association" or "associations" means an organized body of people who have some interest in common and that has at the onset a minimum of 100 persons; is organized and maintained in good faith for purposes other than that of obtaining insurance except as provided in paragraph (c); and has a constitution and bylaws which provide that: (1) the association or associations hold regular meetings not less frequently than annually to further purposes of the members; (2) except for credit unions, the association or associations collect dues or solicit contributions from members; (3) the members have voting privileges and representation on the governing board and committees, which provide the members with control of the association including the purchase and administration of insurance products offered to members; and (4) the members are not, within the first 30 days of membership, directly solicited, offered, or sold an insurance policy if the policy is available as an association benefit.

(b) An association may apply to the commissioner for a waiver of the 30-day waiting period ~~to~~ for that association. The commissioner may grant the waiver upon a finding of all of the following: (1) the association is in full compliance with this subdivision; (2) sanctions have not been imposed against the association as a result of significant disciplinary action by the commissioner; and (3) at least 80 percent of the association's income comes from dues, contributions, or sources other than income from the sale of insurance~~.~~, or the association meets all requirements of paragraph (c).

(c) An association may be organized for the sole purpose of obtaining insurance or other health care coverage only if the association is organized by one or more employers, community organizations, local governments, or other entities not engaged in the business of providing health insurance or other health care coverage. No member of the association may be a health carrier as defined in section 62A.011, health plan, integrated service network, or other entity that provides a health plan as defined in section 62A.011, or other health care coverage. Any contract for the purchase of a health plan or other health care coverage must be negotiated at arm's length. The association is subject to this chapter and all other applicable statutes and rules.

Sec. 4. Minnesota Statutes 1992, section 62J.04, subdivision 3, is amended to read:

Subd. 3. [COST CONTAINMENT DUTIES.] After obtaining the advice and recommendations of the Minnesota health care commission, the commissioner shall:

(1) establish statewide and regional limits on growth in total health care spending under this section, monitor regional and statewide compliance with the spending limits, and take action to achieve compliance to the extent authorized by the legislature;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area but excluding Chisago, Isanti, Wright, and Sherburne counties, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve spending limits;

(3) provide technical assistance to regional coordinating boards;

(4) monitor the quality of health care throughout the state, conduct consumer satisfaction surveys, and take action as necessary to ensure an appropriate level of quality;

(5) ~~develop~~ issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers ~~by January 1, 1993~~ and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Health Care Financing Administration 1500 form, or other standardized forms or procedures;

(6) undertake health planning responsibilities as provided in section 62J.15;

(7) monitor and promote the development and implementation of practice parameters;

(8) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

(9) designate referral centers ~~of excellence~~ for specialized and high-cost procedures and treatment and establish minimum standards and requirements for particular procedures or treatment;

(10) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

(11) administer the health care analysis unit under ~~Laws 1992, chapter 549, article 7~~ sections 62J.30 to 62J.34; and

(12) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans.

Sec. 5. Minnesota Statutes 1992, section 62J.04, subdivision 4, is amended to read:

Subd. 4. [CONSULTATION WITH THE COMMISSION.] ~~Before~~ When the law requires the commissioner of health to consult with the Minnesota health care commission when undertaking any of the duties required under this chapter and chapter 62N, the commissioner ~~of health~~ shall consult with the ~~Minnesota health care~~ commission and obtain the commission's advice and recommendations. If the commissioner intends to depart from the commission's recommendations, the commissioner shall inform the commission of the intended departure, provide a written explanation of the reasons for the departure, and give the commission an opportunity to comment on the intended departure. If, after receiving the commission's comment, the commissioner still intends to depart from the commission's recommendations, the commissioner shall notify each member of the legislative ~~oversight~~ commission on health care access of the commissioner's intent to depart from the recommendations of the Minnesota health care commission. The notice to the legislative ~~oversight~~ commission must be provided at least ten days before the commissioner takes final action. If emergency action is necessary that does not allow the commissioner to obtain the advice and recommendations of the Minnesota health care commission or to provide advance notice and an opportunity for comment as required in this subdivision, the commissioner shall provide a written notice and explanation to the Minnesota health care commission and the legislative ~~oversight~~ commission at the earliest possible time.

Sec. 6. [62J.211] [SMALL GROUP PURCHASING POOLS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "purchasing pool" means a group, however organized, of purchasers of health coverage, including purchasers of health plans as defined in section 62A.011, subdivision 3, coverage by integrated service networks, or services in connection with self-insured plans.

Subd. 2. [ASSISTANCE TO PRIVATE PURCHASING POOLS.] The commissioners of health and commerce shall encourage the formation of private small group purchasing pools to enable small groups to benefit from the market advantages and efficiencies of large purchasing groups. Within the limits of appropriations provided for this purpose, the commissioner of health, in consultation with the commissioner of commerce, may provide loans for start-up costs and reserves to assist new purchasing pools.

Subd. 3. [REGIONAL PURCHASING POOLS.] Regional coordinating boards may sponsor the formation of regional purchasing pools to enable small groups in the region to purchase health coverage as a large group. Regional purchasing pools are eligible for assistance and start-up loans under subdivision 2.

Sec. 7. [62J.212] [COLLABORATION ON PUBLIC HEALTH GOALS.]

The commissioner of health shall require integrated service networks to collaborate with public health agencies to achieve communitywide and regional public health goals. The commissioner may increase regional spending limits if public health goals for that region are achieved. Within the limits of appropriations provided for this purpose, the commissioner of health may provide grants to integrated service networks and other private organizations or adopt spending limits to collaborate with public health agencies in implementing wellness programs and other initiatives to improve public health outcomes.

Sec. 8. [151.461] [GIFTS TO PRACTITIONERS PROHIBITED.]

It is unlawful for any manufacturer or wholesale drug distributor, or any agent thereof, to offer or give any gift of value to a practitioner or legislator. As used in this section, "gift" does not include:

(1) professional samples of a drug provided to a prescriber for free distribution to patients;

(2) items with a total combined retail value, in any calendar year, of not more than $25;

(3) a payment to the sponsor of a medical conference, professional meeting, or other educational program, provided the payment is not made directly to a practitioner and is used solely for bona fide educational purposes;

(4) reasonable honoraria and payment of the reasonable expenses of a practitioner who serves on the faculty at a professional or educational conference or meeting;

(5) compensation for the substantial professional or consulting services of a practitioner in connection with a genuine research project; or

(6) salaries or other benefits paid to employees.

Violation of this section is a misdemeanor.

Sec. 9. Minnesota Statutes 1992, section 151.47, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] All wholesale drug distributors are subject to the requirements in paragraphs (a) to ~~(e)~~ (f).

(a) No person or distribution outlet shall act as a wholesale drug distributor without first obtaining a license from the board and paying the required fee.

(b) No license shall be issued or renewed for a wholesale drug distributor to operate unless the applicant agrees to operate in a manner prescribed by federal and state law and according to the rules adopted by the board.

(c) The board may require a separate license for each facility directly or indirectly owned or operated by the same business entity within the state, or for a parent entity with divisions, subsidiaries, or affiliate companies within the state, when operations are conducted at more than one location and joint ownership and control exists among all the entities.

(d) As a condition for receiving and retaining a wholesale drug distributor license issued under sections 151.42 to 151.51, an applicant shall satisfy the board that it has and will continuously maintain:

(1) adequate storage conditions and facilities;

(2) minimum liability and other insurance as may be required under any applicable federal or state law;

(3) a viable security system that includes an after hours central alarm, or comparable entry detection capability; restricted access to the premises; comprehensive employment applicant screening; and safeguards against all forms of employee theft;

(4) a system of records describing all wholesale drug distributor activities set forth in section 151.44 for at least the most recent two-year period, which shall be reasonably accessible as defined by board regulations in any inspection authorized by the board;

(5) principals and persons, including officers, directors, primary shareholders, and key management executives, who must at all times demonstrate and maintain their capability of conducting business in conformity with sound financial practices as well as state and federal law;

(6) complete, updated information, to be provided to the board as a condition for obtaining and retaining a license, about each wholesale drug distributor to be licensed, including all pertinent corporate licensee information, if applicable, or other ownership, principal, key personnel, and facilities information found to be necessary by the board;

(7) written policies and procedures that assure reasonable wholesale drug distributor preparation for, protection against, and handling of any facility security or operation problems, including, but not limited to, those caused by natural disaster or government emergency, inventory inaccuracies or product shipping and receiving, outdated product or other unauthorized product control, appropriate disposition of returned goods, and product recalls;

(8) sufficient inspection procedures for all incoming and outgoing product shipments; and

(9) operations in compliance with all federal requirements applicable to wholesale drug distribution.

(e) An agent or employee of any licensed wholesale drug distributor need not seek licensure under this section.

(f) A wholesale drug distributor shall file an annual report with the board, in a form prescribed by the board, identifying all payments, honoraria, reimbursement or other compensation authorized under section 151.461, clauses (3) to (5), paid to practitioners in Minnesota during the preceding calendar year. The report shall identify the nature and value of any payments totaling $100 or more, to a particular practitioner during the year, and shall identify the practitioner. Reports filed under this provision are public data.

Sec. 10. [REQUESTS FOR FEDERAL ACTION.]

The commissioner of health shall seek changes in or waivers from federal statutes or regulations as necessary to implement the provisions of this act. The commissioner of human services shall request and diligently pursue waivers from the federal laws relating to health coverages provided under the medical assistance and Medicare programs, so as to permit the state to provide medical assistance benefits through integrated service networks and permit Medicare to be provided in Minnesota through integrated service networks.

Sec. 11. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "centers of excellence" to "referral centers" wherever they appear in Minnesota Statutes, chapters 62D and 62J, in the next and subsequent editions of Minnesota Statutes and Minnesota Rules, parts 4685.0100 to 4685.3400.

ARTICLE 6

COST CONTAINMENT AMENDMENTS

Section 1. Minnesota Statutes 1992, section 62J.03, subdivision 8, is amended to read:

Subd. 8. [PROVIDER OR HEALTH CARE PROVIDER.] "Provider" or "health care provider" means a person or organization other than a nursing home that provides health care or medical care services within Minnesota for a fee~~, as further defined in rules adopted by the commissioner.~~ and is eligible for reimbursement under the medical assistance program under chapter 256B. For purposes of this subdivision, "for a fee" includes traditional fee-for-service arrangements, capitation arrangements, and any other arrangement in which a provider receives compensation for providing health care services or has the authority to directly bill a group purchaser, health carrier, or individual for providing health care services. For purposes of this subdivision, "eligible for reimbursement under the medical assistance program" means that the provider's services would be reimbursed by the medical assistance program if the services were provided to medical assistance enrollees and the provider sought reimbursement, or that the services would be eligible for reimbursement under medical assistance except that those services are characterized as experimental, cosmetic, or voluntary.

Sec. 2. Minnesota Statutes 1992, section 62J.04, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] A person ~~or organization~~ aggrieved may appeal a decision of the commissioner under sections 62J.17 and 62J.23 through a contested case proceeding under chapter 14. The appeal must be brought within 30 days of receiving notice of the commissioner's decision. For purposes of this subdivision, "person aggrieved" has the meaning given in section 14.63.

Sec. 3. Minnesota Statutes 1992, section 62J.04, subdivision 7, is amended to read:

Subd. 7. [PLAN FOR CONTROLLING GROWTH IN SPENDING.] (a) By January 15, 1993, the Minnesota health care commission shall submit to the legislature and the governor for approval a plan, with as much detail as possible, for slowing the growth in health care spending to the growth rate identified by the commission, beginning July 1, 1993. The goal of the plan shall be to reduce the growth rate of health care spending, adjusted for population changes, so that it declines by at least ten percent per year for each of the next five years. ~~The commission shall use the rate of spending growth in 1991 as the base year for developing its plan.~~ The plan may include tentative targets for reducing the growth in spending for consideration by the legislature.

(b) In developing the plan, the commission shall consider the advisability and feasibility of the following options, but is not obligated to incorporate them into the plan:

(1) data and methods that could be used to calculate regional and statewide spending limits and the various options for expressing spending limits, such as maximum percentage growth rates or actuarially adjusted average per capita rates that reflect the demographics of the state or a region of the state;

(2) methods of adjusting spending limits to account for patients who are not Minnesota residents, to reflect care provided to a person outside the person's region, and to adjust for demographic changes over time;

(3) methods that could be used to monitor compliance with the limits;

(4) criteria for exempting spending on research and experimentation on new technologies and medical practices when setting or enforcing spending limits;

(5) methods that could be used to help providers, purchasers, consumers, and communities control spending growth;

(6) methods of identifying activities of consumers, providers, or purchasers that contribute to excessive growth in spending;

(7) methods of encouraging voluntary activities that will help keep spending within the limits;

(8) methods of consulting providers and obtaining their assistance and cooperation and safeguards that are necessary to protect providers from abrupt changes in revenues or practice requirements;

(9) methods of avoiding, preventing, or recovering spending in excess of the rate of growth identified by the commission;

(10) methods of depriving those who benefit financially from overspending of the benefit of overspending, including the option of recovering the amount of the excess spending from the greater provider community or from individual providers or groups of providers through targeted assessments;

(11) methods of reallocating health care resources among provider groups to correct existing inequities, reward desirable provider activities, discourage undesirable activities, or improve the quality, affordability, and accessibility of health care services;

(12) methods of imposing mandatory requirements relating to the delivery of health care, such as practice parameters, hospital admission protocols, 24-hour emergency care screening systems, or designated specialty providers;

(13) methods of preventing unfair health care practices that give a provider or group purchaser an unfair advantage or financial benefit or that significantly circumvent, subvert, or obstruct the goals of this chapter;

(14) methods of providing incentives through special spending allowances or other means to encourage and reward special projects to improve outcomes or quality of care; and

(15) the advisability or feasibility of a system of permanent, regional coordinating boards to ensure community involvement in activities to improve affordability, accessibility, and quality of health care in each region.

Sec. 4. Minnesota Statutes 1992, section 62J.05, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) [NUMBER.] The Minnesota health care commission consists of ~~25~~ 26 members, as specified in this subdivision. A member may designate a representative to act as a member of the commission in the member's absence. The governor and legislature shall coordinate appointments under this subdivision to ensure gender balance and ensure that geographic areas of the state are represented in proportion to their population.

(b) [HEALTH PLAN COMPANIES.] The commission includes four members representing health plan companies, including one member appointed by the Minnesota Council of Health Maintenance Organizations, one member appointed by the Insurance Federation of Minnesota, one member appointed by Blue Cross and Blue Shield of Minnesota, and one member appointed by the governor.

(c) [HEALTH CARE PROVIDERS.] The commission includes ~~six~~ seven members representing health care providers, including one member appointed by the Minnesota Hospital Association, one member appointed by the Minnesota Medical Association, one member appointed by the Minnesota Nurses' Association, one member appointed by the Minnesota Pharmacists' Association, one rural physician appointed by the governor, and two members appointed by the governor to represent providers other than hospitals, physicians, pharmacists, and nurses.

(d) [EMPLOYERS.] The commission includes four members representing employers, including (1) two members appointed by the Minnesota Chamber of Commerce, including one self-insured employer and one small employer; and (2) two members appointed by the governor.

(e) [CONSUMERS.] The commission includes five consumer members, including three members appointed by the governor, one of whom must represent persons over age 65; one appointed under the rules of the senate; and one appointed under the rules of the house of representatives.

(f) [EMPLOYEE UNIONS.] The commission includes three representatives of labor unions, including two appointed by the AFL-CIO Minnesota and one appointed by the governor to represent other unions.

(g) [STATE AGENCIES.] The commission includes the commissioners of commerce, employee relations, and human services.

(h) [CHAIR.] The governor shall designate the chair of the commission from among the governor's appointees.

Sec. 5. Minnesota Statutes 1992, section 62J.05, is amended by adding a subdivision to read:

Subd. 9. [REPEALER.] This section is repealed effective July 1, 1996.

Sec. 6. Minnesota Statutes 1992, section 62J.09, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) [NUMBER OF MEMBERS.] Each regional ~~health care management~~ coordinating board consists of ~~16~~ 17 members as provided in this subdivision. A member may designate a representative to act as a member of the commission in the member's absence. The governor shall appoint the chair of each regional board from among its members.

(b) [PROVIDER REPRESENTATIVES.] Each regional board must include four members representing health care providers who practice in the region. One member is appointed by the Minnesota Medical Association. One member is appointed by the Minnesota Hospital Association. One member is appointed by the Minnesota Nurses' Association. The remaining member is appointed by the governor to represent providers other than physicians, hospitals, and nurses.

(c) [HEALTH PLAN COMPANY REPRESENTATIVES.] Each regional board includes ~~three~~ four members representing health plan companies who provide coverage for residents of the region, including one member representing health insurers who is elected by a vote of all health insurers providing coverage in the region, one member elected by a vote of all health maintenance organizations providing coverage in the region, and one member appointed by Blue Cross and Blue Shield of Minnesota. The fourth member is appointed by the governor.

(d) [EMPLOYER REPRESENTATIVES.] Regional boards include three members representing employers in the region. Employer representatives are elected by a vote of the employers who are members of chambers of commerce in the region. At least one member must represent self-insured employers.

(e) [EMPLOYEE UNIONS.] Regional boards include one member appointed by the AFL-CIO Minnesota who is a union member residing or working in the region or who is a representative of a union that is active in the region.

(f) [PUBLIC MEMBERS.] Regional boards include three consumer members. One consumer member is elected by the community health boards in the region, with each community health board having one vote. One consumer member is elected by the state legislators with districts in the region. One consumer member is appointed by the governor.

(g) [COUNTY COMMISSIONER.] Regional boards include one member who is a county board member. The county board member is elected by a vote of all of the county board members in the region, with each county board having one vote.

(h) [STATE AGENCY.] Regional boards include one state agency commissioner appointed by the governor to represent state health coverage programs.

Sec. 7. Minnesota Statutes 1992, section 62J.09, subdivision 5, is amended to read:

Subd. 5. [CONFLICTS OF INTEREST.] No member may ~~participate or~~ vote in regional coordinating board proceedings involving an individual provider, purchaser, or patient, or a specific activity or transaction, if the member has a direct financial interest in the outcome of the regional coordinating board's proceedings other than as an individual consumer of health care services. A member with a direct financial interest may participate in the proceedings, without voting, provided that the member discloses any direct financial interest to the regional coordinating board at the beginning of the proceedings.

Sec. 8. Minnesota Statutes 1992, section 62J.09, is amended by adding a subdivision to read:

Subd. 6a. [CONTRACTING.] The commissioner, at the request of a regional coordinating board, may contract on behalf of the board with an appropriate regional organization to provide staff support to the board, in order to assist the board in carrying out the duties assigned in this section.

Sec. 9. Minnesota Statutes 1992, section 62J.09, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~1993~~ 1996.

Sec. 10. Minnesota Statutes 1992, section 62J.17, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given.

(a) [ACCESS.] "Access" has the meaning given in section 62J.2912, subdivision 2.

(b) [CAPITAL EXPENDITURE.] "Capital expenditure" means an expenditure which, under generally accepted accounting principles, is not properly chargeable as an expense of operation and maintenance.

(c) [COST.] "Cost" means the amount paid by consumers or third party payers for health care services or products.

(d) [DATE OF THE MAJOR SPENDING COMMITMENT.] "Date of the major spending commitment" means the date the provider formally obligated itself to the major spending commitment. The obligation may be incurred by entering into a contract, making a down payment, issuing bonds or entering a loan agreement to provide financing for the major spending commitment, or taking some other formal, tangible action evidencing the provider's intention to make the major spending commitment.

~~(b)~~ (e) [HEALTH CARE SERVICE.] "Health care service" means:

(1) a service or item that would be covered by the medical assistance program under chapter 256B if provided in accordance with medical assistance requirements to an eligible medical assistance recipient; and

(2) a service or item that would be covered by medical assistance except that it is characterized as experimental, cosmetic, or voluntary.

"Health care service" does not include retail, over-the-counter sales of nonprescription drugs and other retail sales of health-related products that are not generally paid for by medical assistance and other third-party coverage.

~~(c)~~ (f) [MAJOR SPENDING COMMITMENT.] "Major spending commitment" means:

(1) acquisition of a unit of medical equipment;

(2) a capital expenditure for a single project for the purposes of providing health care services, other than for the acquisition of medical equipment;

(3) offering a new specialized service not offered before;

(4) planning for an activity that would qualify as a major spending commitment under this paragraph; or

(5) a project involving a combination of two or more of the activities in clauses (1) to (4).

The cost of acquisition of medical equipment, and the amount of a capital expenditure, is the total cost to the provider regardless of whether the cost is distributed over time through a lease arrangement or other financing or payment mechanism.

~~(d)~~ (g) [MEDICAL EQUIPMENT.] "Medical equipment" means fixed and movable equipment that is used by a provider in the provision of a health care service. "Medical equipment" includes, but is not limited to, the following:

(1) an extracorporeal shock wave lithotripter;

(2) a computerized axial tomography (CAT) scanner;

(3) a magnetic resonance imaging (MRI) unit;

(4) a positron emission tomography (PET) scanner; and

(5) emergency and nonemergency medical transportation equipment and vehicles.

~~(e)~~ (h) [NEW SPECIALIZED SERVICE.] "New specialized service" means a specialized health care procedure or treatment regimen offered by a provider that was not previously offered by the provider, including, but not limited to:

(1) cardiac catheterization services involving high-risk patients as defined in the Guidelines for Coronary Angiography established by the American Heart Association and the American College of Cardiology;

(2) heart, heart-lung, liver, kidney, bowel, or pancreas transplantation service, or any other service for transplantation of any other organ;

(3) megavoltage radiation therapy;

(4) open heart surgery;

(5) neonatal intensive care services; and

(6) any new medical technology for which premarket approval has been granted by the United States Food and Drug Administration, excluding implantable and wearable devices.

~~(f) [PROVIDER.] "Provider" means an individual, corporation, association, firm, partnership, or other entity that is regularly engaged in providing health care services in Minnesota.~~

Sec. 11. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 4a. [EXPENDITURE REPORTING.] (a) [GENERAL REQUIREMENT.] A provider making a major spending commitment after April 1, 1992, that is in excess of $500,000 shall submit notification of the expenditure to the commissioner and provide the commissioner with any relevant background information.

(b) [REPORT.] Notification must include a report, submitted within 60 days after the date of the major spending commitment, using terms conforming to the definitions in this section and section 62J.03. Each report is subject to retrospective review and must contain:

(1) a detailed description of the major spending commitment and its purpose;

(2) the date of the major spending commitment;

(3) a statement of the expected impact that the major spending commitment will have on charges by the provider to patients and third party payers;

(4) a statement of the expected impact on the clinical effectiveness or quality of care received by the patients that the provider expects to serve;

(5) a statement of the extent to which equivalent services or technology are already available to the provider's actual and potential patient population;

(6) a statement of the distance from which the nearest equivalent services or technology are already available to the provider's actual and potential population;

(7) a statement describing the pursuit of any lawful collaborative arrangements; and

(8) a statement of assurance that the provider will not use, purchase, or perform health care technologies and procedures that are not clinically effective and cost-effective, unless the technology is used for experimental or research purposes to determine whether a technology or procedure is clinically effective and cost-effective.

The provider may submit any additional information that it deems relevant.

(c) [ADDITIONAL INFORMATION.] The commissioner may request additional information from a provider for the purpose of review of a report submitted by that provider, and may consider relevant information from other sources. A provider shall provide any information requested by the commissioner within the time period stated in the request or within 30 days after the date of the request if the request does not state a time.

(d) [FAILURE TO COMPLY.] If the provider fails to submit a complete and timely expenditure report, including any additional information requested by the commissioner, the commissioner may make the provider's subsequent major spending commitments subject to the procedures of prospective review and approval under subdivision 7.

Sec. 12. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 5a. [RETROSPECTIVE REVIEW.] (a) The commissioner shall retrospectively review each major spending commitment and notify the provider of the results of the review. The commissioner shall determine whether the major spending commitment was appropriate. In making the determination, the commissioner may consider the following criteria: the major spending commitment's impact on the cost, access, and quality of health care; the clinical effectiveness and cost-effectiveness of the major spending commitment; and the alternatives available to the provider.

(b) The commissioner may not prevent or prohibit a major spending commitment subject to retrospective review. However, if the provider fails the retrospective review, any major spending commitments by that provider for the five-year period following the commissioner's decision are subject to prospective review under subdivision 7.

Sec. 13. Minnesota Statutes 1992, section 62J.17, is amended by adding a subdivision to read:

Subd. 7. [PROSPECTIVE REVIEW AND APPROVAL.] (a) [REQUIREMENT.] No health care provider subject to prospective review under this subdivision shall make a major spending commitment unless:

(1) the provider has filed an application with the commissioner to proceed with the major spending commitment and has provided all supporting documentation and evidence requested by the commissioner; and

(2) the commissioner determines, based upon this documentation and evidence, that the major spending commitment is appropriate under the criteria provided in subdivision 5a in light of the alternatives available to the provider.

(b) [APPLICATION.] A provider subject to prospective review and approval shall submit an application to the commissioner before proceeding with any major spending commitment. The application must address each item listed in subdivision 4a, paragraph (a), and must also include documentation to support the response to each item. The provider may submit information, with supporting documentation, regarding why the major spending commitment should be excepted from prospective review under paragraph (d). The submission may be made either in addition to or instead of the submission of information relating to the items listed in subdivision 4a, paragraph (a).

(c) [REVIEW.] The commissioner shall determine, based upon the information submitted, whether the major spending commitment is appropriate under the criteria provided in subdivision 5a, or whether it should be excepted from prospective review under paragraph (d). In making this determination, the commissioner may also consider relevant information from other sources. At the request of the commissioner, the Minnesota health care commission shall convene an expert review panel made up of persons with knowledge and expertise regarding medical equipment, specialized services, health care expenditures, and capital expenditures to review applications and make recommendations to the commissioner. The commissioner shall make a decision on the application within 60 days after an application is received.

(d) [EXCEPTIONS.] The prospective review and approval process does not apply to:

(1) a major spending commitment to replace existing equipment with comparable equipment, if the old equipment will no longer be used in the state;

(2) a major spending commitment made by a research and teaching institution for purposes of conducting medical education, medical research supported or sponsored by a medical school or by a federal or foundation grant, or clinical trials;

(3) a major spending commitment to repair, remodel, or replace existing buildings or fixtures if, in the judgment of the commissioner, the project does not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided; and

(4) mergers, acquisitions, and other changes in ownership or control that, in the judgment of the commissioner, do not involve a substantial expansion of service capacity or a substantial change in the nature of health care services provided.

(e) [NOTIFICATION REQUIRED FOR EXCEPTED MAJOR SPENDING COMMITMENT.] A provider making a major spending commitment covered by paragraph (d) shall provide notification of the major spending commitment as provided under subdivision 4a.

(f) [PENALTIES AND REMEDIES.] The commissioner of health has the authority to issue fines, seek injunctions, and pursue other remedies as provided by law.

Sec. 14. Minnesota Statutes 1992, section 62J.23, is amended by adding a subdivision to read:

Subd. 4. [INTEGRATED SERVICE NETWORKS.] (a) The legislature finds that the formation and operation of integrated service networks will accomplish the purpose of the federal Medicare antikickback statute, which is to reduce the overutilization and overcharging that may result from inappropriate provider incentives. Accordingly, it is the public policy of the state of Minnesota to support the development of integrated service networks. The legislature finds that the federal Medicare antikickback laws should not be interpreted to interfere with the development of integrated service networks or to impose liability for arrangements between an integrated service network and its participating entities.

(b) An arrangement between an integrated service network and any or all of its participating entities is not subject to liability under subdivisions 1 and 2.

Sec. 15. [62J.2911] [ANTITRUST EXCEPTIONS; PURPOSE.]

The legislature finds that the goals of controlling health care costs and improving the quality of and access to health care services will be significantly enhanced by cooperative arrangements involving providers or purchasers that might be prohibited by state and federal antitrust laws if undertaken without governmental involvement. The purpose of sections 62J.2911 to 62J.2921 is to create an opportunity for the state to review proposed arrangements and to substitute regulation for competition when an arrangement is likely to result in lower costs, or greater access or quality, than would otherwise occur in the marketplace. The legislature intends that approval of arrangements be accompanied by appropriate conditions, supervision, and regulation to protect against private abuses of economic power, and that an arrangement approved by the commissioner and accompanied by such appropriate conditions, supervision, and regulation shall not be subject to state and federal antitrust liability.

Sec. 16. [62J.2912] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of sections 62J.2911 to 62J.2921, the terms defined in this section have the meanings given them.

Subd. 2. [ACCESS.] "Access" means the financial, temporal, and geographic availability of health care to individuals who need it.

Subd. 3. [APPLICANT.] "Applicant" means the party or parties to an agreement or business arrangement for which the commissioner's approval is sought under this section.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of health.

Subd. 5. [CONTESTED CASE.] "Contested case" means a proceeding conducted by the office of administrative hearings under sections 14.57 to 14.62.

Subd. 6. [COST OR COST OF HEALTH CARE.] "Cost" or "cost of health care" means the amount paid by consumers or third party payers for health care services or products.

Subd. 7. [CRITERIA.] "Criteria" means the cost, access, and quality of health care.

Subd. 8. [HEALTH CARE PRODUCTS.] "Health care products" means durable medical equipment and "medical equipment" as defined in section 62J.17, subdivision 2, paragraph (g).

Subd. 9. [HEALTH CARE SERVICE.] "Health care service" has the meaning given in section 62J.17, subdivision 2, paragraph (e).

Subd. 10. [PERSON.] "Person" means an individual or legal entity.

Sec. 17. [62J.2913] [SCOPE.]

Subdivision 1. [AVAILABILITY OF EXCEPTION.] Providers or purchasers wishing to engage in contracts, business or financial arrangements, or other activities, practices, or arrangements that might be construed to be violations of state or federal antitrust laws but which are in the best interests of the state and further the policies and goals of this chapter may apply to the commissioner for an exception.

Subd. 2. [STATE ANTITRUST LAW.] Approval by the commissioner is an absolute defense against any action under state antitrust laws, except as provided under section 62J.2921, subdivision 5.

Subd. 3. [APPLICATION CANNOT BE USED TO IMPOSE LIABILITY.] The commissioner may ask the attorney general to comment on an application. The application and any information obtained by the commissioner under sections 62J.2914 to 62J.2916 that is not otherwise available is not admissible in any civil or criminal proceeding brought by the attorney general or any other person based on an antitrust claim, except:

(1) a proceeding brought under section 62J.2921, subdivision 5, based on an applicant's failure to substantially comply with the terms of the application; or

(2) a proceeding based on actions taken by the applicant prior to submitting the application, where such actions are admitted to in the application.

Subd. 4. [OUT-OF-STATE APPLICANTS.] Providers or purchasers not physically located in Minnesota are eligible to seek an exception for arrangements in which they transact business in Minnesota as defined in section 295.51.

Sec. 18. [62J.2914] [APPLICATION.]

Subdivision 1. [DISCLOSURE.] An application for approval must include, to the extent applicable, disclosure of the following:

(1) a descriptive title;

(2) a table of contents;

(3) exact names of each party to the application and the address of the principal business office of each party;

(4) the name, address, and telephone number of the persons authorized to receive notices and communications with respect to the application;

(5) a verified statement by a responsible officer of each party to the application attesting to the accuracy and completeness of the enclosed information;

(6) background information relating to the proposed arrangement, including:

(i) a description of the proposed arrangement, including a list of any services or products that are the subject of the proposed arrangement;

(ii) an identification of any tangential services or products associated with the services or products that are the subject of the proposed arrangement;

(iii) a description of the geographic territory involved in the proposed arrangement;

(iv) if the geographic territory described in item (iii), is different from the territory in which the applicants have engaged in the type of business at issue over the last five years, a description of how and why the geographic territory differs;

(v) identification of all products or services that a substantial share of consumers would consider substitutes for any service or product that is the subject of the proposed arrangement;

(vi) identification of whether any services or products of the proposed arrangement are currently being offered, capable of being offered, utilized, or capable of being utilized by other providers or purchasers in the geographic territory described in item (iii);

(vii) identification of the steps necessary, under current market and regulatory conditions, for other parties to enter the territory described in item (iii) and compete with the applicant;

(viii) a description of the previous history of dealings between the parties to the application;

(ix) a detailed explanation of the projected effects, including expected volume, change in price, and increased revenue, of the arrangement on each party's current businesses, both generally as well as the aspects of the business directly involved in the proposed arrangement;

(x) the present market share of the parties to the application and of others affected by the proposed arrangement, and projected market shares after implementation of the proposed arrangement;

(xi) a statement of why the projected levels of cost, access, or quality could not be achieved in the existing market without the proposed arrangement; and

(xii) an explanation of how the arrangement relates to any Minnesota health care commission or applicable regional coordinating board plans for delivery of health care; and

(7) a detailed explanation of how the transaction will affect cost, access, and quality. The explanation must address the factors in section 62J.2917, subdivision 2, paragraphs (b) to (d), to the extent applicable.

Subd. 2. [STATE REGISTER NOTICE.] In addition to the disclosures required in subdivision 1, the application must contain a written description of the proposed arrangement for purposes of publication in the State Register. The notice must include sufficient information to advise the public of the nature of the proposed arrangement and to enable the public to provide meaningful comments concerning the expected results of the arrangement. The notice must also state that any person may provide written comments to the commissioner, with a copy to the applicant, within 20 days of the notice's publication. The commissioner shall approve the notice before publication. If the commissioner determines that the submitted notice does not provide sufficient information, the commissioner may amend the notice before publication and may consult with the applicant in preparing the amended notice. The commissioner shall not publish an amended notice without the applicant's approval.

Subd. 3. [MULTIPLE PARTIES TO A PROPOSED ARRANGEMENT.] For a proposed arrangement involving multiple parties, one joint application must be submitted on behalf of all parties to the arrangement.

Subd. 4. [FILING FEE.] An application must be accompanied by a filing fee of $....., which must be deposited in the health care access fund. The total of the deposited application fees is appropriated annually to the commissioner to administer the antitrust exceptions program.

Subd. 5. [TRADE SECRET INFORMATION; PROTECTION.] Trade secret information, as defined in section 13.37, subdivision 1, paragraph (b), must be protected to the extent required under chapter 13.

Subd. 6. [COMMISSIONER'S AUTHORITY TO REFUSE TO REVIEW.] (a) If the commissioner determines that an application is unclear, incomplete, or provides an insufficient basis on which to base a decision, the commissioner may return the application. The applicant may complete or revise the application and resubmit it.

(b) If, upon review of the application and upon advice from the attorney general, the commissioner concludes that the proposed arrangement does not present any potential for liability under the state or federal antitrust laws, the commissioner may decline to review the application and so notify the applicant.

(c) The commissioner may decline to review any application relating to arrangements already in effect before the submission of the application. However, the commissioner shall review any application if the review is expressly provided for in a settlement agreement entered into before the enactment of this section by the applicant and the attorney general.

Subd. 7. [COMMISSIONER'S AUTHORITY TO EXTEND TIME LIMITS.] The commissioner may extend any of the time limits stated in sections 62J.2915 and 62J.2916 at the request of the applicant or another person but may not grant such extension unless good cause is shown.

Sec. 19. [62J.2915] [NOTICE AND COMMENT.]

Subdivision 1. [NOTICE.] The commissioner shall cause the notice described in section 62J.2914, subdivision 2, to be published in the State Register and sent to the Minnesota health care commission, the regional coordinating boards for any regions that include all or part of the territory covered by the proposed arrangement, and any person who has requested to be placed on a list to receive notice of applications. The commissioner may maintain separate notice lists for different regions of the state. The commissioner may also send a copy of the notice to any person together with a request that the person comment as provided under subdivision 2. Copies of the request must be provided to the applicant.

Subd. 2. [COMMENTS.] Within 20 days after the notice is published, any person may mail to the commissioner written comments with respect to the application. Within 30 days after the notice is published, the Minnesota health care commission or any regional coordinating board may mail such comments. Persons submitting comments shall provide a copy of the comments to the applicant. The applicant may mail to the commissioner written responses to any comment within ten days after the deadline for mailing such comment. The applicant shall send a copy of the response to the person submitting the comment.

Sec. 20. [62J.2916] [PROCEDURE FOR REVIEW OF APPLICATIONS.]

Subdivision 1. [CHOICE OF PROCEDURES.] After the conclusion of the period provided in section 62J.2915, subdivision 2, for the applicant to respond to comments, the commissioner shall select one of the three procedures provided in subdivision 2. In determining which procedure to use, the commissioner shall consider the following criteria:

(1) the size of the proposed arrangement, in terms of number of parties and amount of money involved;

(2) the complexity of the proposed arrangement;

(3) the novelty of the proposed arrangement;

(4) the substance and quantity of the comments received;

(5) any comments received from the Minnesota health care commission or regional coordinating boards; and

(6) the presence or absence of any significant gaps in the factual record.

If the applicant demands a contested case hearing no later than the conclusion of the period provided in section 62J.2915, subdivision 2, for the applicant to respond to comments, the commissioner shall not select a procedure. Instead, the applicant shall be given a contested case proceeding as a matter of right.

Subd. 2. [PROCEDURES AVAILABLE.] (a) [DECISION ON THE WRITTEN RECORD.] The commissioner may issue a decision based on the application, the comments, and the applicant's responses to the comments, to the extent each is relevant. In making the decision, the commissioner may consult with staff of the department of health and may rely on department of health data.

(b) [LIMITED HEARING.] (1) The commissioner may order a limited hearing. A copy of the order must be mailed to the applicant and to all persons who have submitted comments or requested to be kept informed of the proceedings involving the application. The order must state the date, time, and location of the limited hearing and must identify specific issues to be addressed at the limited hearing. The issues may include the feasibility and desirability of one or more alternatives to the proposed arrangement. The order must require the applicant to submit written evidence, in the form of affidavits and supporting documents, addressing the issues identified, within 20 days after the date of the order. The order shall also state that any person may arrange to receive a copy of the written evidence from the commissioner, at the person's expense, and may provide written comments on the evidence within 40 days after the date of the order. A person providing written comments shall provide a copy of the comments to the applicant.

(2) The limited hearing must be held before the commissioner or department of health staff member designated by the commissioner. The commissioner or the commissioner's designee shall question the applicant about the evidence submitted by the applicant. The questions may address relevant issues identified in the comments submitted in response to the written evidence or identified by department of health staff or brought to light by department of health data. At the conclusion of the applicant's responses to the questions, any person who submitted comments about the applicant's written evidence may make a statement addressing the applicant's responses to the questions. The commissioner or the commissioner's designee may ask questions of any person making a statement. At the conclusion of all statements, the applicant may make a closing statement.

(3) The commissioner's decision after a limited hearing must be based upon the application, the comments, the applicant's response to the comments, the applicant's written evidence, the comments in response to the written evidence, and the information presented at the limited hearing, to the extent each is relevant. In making the decision, the commissioner may consult with staff of the department of health and may rely on department of health data.

(c) [CONTESTED CASE HEARING.] The commissioner may order a contested case hearing. A contested case hearing shall be tried before an administrative law judge who shall issue a written recommendation to the commissioner and shall follow the procedures in sections 14.57 to 14.62. All factual issues relevant to a decision must be presented in the contested case. The attorney general may appear as a party. Additional parties may appear to the extent permitted under sections 14.57 to 14.62. The record in the contested case includes the application, the comments, the applicant's response to the comments, and any other evidence that is part of the record under sections 14.57 to 14.62.

Sec. 21. [62J.2917] [CRITERIA FOR DECISION.]

Subdivision 1. [CRITERIA.] The commissioner shall not approve an application unless the commissioner determines that the arrangement is more likely to result in lower costs, increased access, or increased quality of health care, than would otherwise occur under existing market conditions or conditions likely to develop without an exemption from state and federal antitrust law. In the event that a proposed arrangement appears likely to improve one or two of the criteria at the expense of another one or two of the criteria, the commissioner shall not approve the application unless the commissioner determines that the proposed arrangement, taken as a whole, is likely to substantially further the purpose of this chapter. In making such a determination, the commissioner may employ a cost/benefit analysis.

Subd. 2. [FACTORS.] (a) [GENERALLY APPLICABLE FACTORS.] In making a determination about cost, access, and quality, the commissioner may consider the following factors, to the extent relevant:

(1) whether the proposal is compatible with the cost containment plan or other plan of the Minnesota health care commission or the applicable regional plans of the regional coordinating boards;

(2) market structure:

(i) actual and potential sellers and buyers, or providers and purchasers;

(ii) actual and potential consumers;

(iii) geographic market area; and

(iv) entry conditions;

(3) current market conditions;

(4) the historical behavior of the market;

(5) performance of other, similar arrangements;

(6) whether the proposal unnecessarily restrains competition or restrains competition in ways not reasonably related to the purposes of this chapter; and

(7) the financial condition of the applicant.

(b) [COST.] The commissioner's analysis of cost must focus on the individual consumer of health care. Cost savings to be realized by providers, health carriers, group purchasers, or other participants in the health care system are relevant only to the extent that the savings are likely to be passed on to the consumer. However, where an application is submitted by providers or purchasers who are paid primarily by third party payers unaffiliated with the applicant, it is sufficient for the applicant to show that cost savings are likely to be passed on to the unaffiliated third party payers; the applicants do not have the burden of proving that third party payers with whom the applicants are not affiliated will pass on cost savings to individuals receiving coverage through the third party payers. In making determinations as to costs, the commissioner may consider:

(1) the cost savings likely to result to the applicant;

(2) the extent to which the cost savings are likely to be passed on to the consumer and in what form;

(3) the extent to which the proposed arrangement is likely to result in cost shifting by the applicant onto other payers or purchasers of other products or services;

(4) the extent to which the cost shifting by the applicant is likely to be followed by other persons in the market;

(5) the current and anticipated supply and demand for any products or services at issue;

(6) the representations and guarantees of the applicant and their enforceability;

(7) likely effectiveness of regulation by the commissioner;

(8) inferences to be drawn from market structure;

(9) the cost of regulation, both for the state and for the applicant; and

(10) any other factors tending to show that the proposed arrangement is or is not likely to reduce cost.

(c) [ACCESS.] In making determinations as to access, the commissioner may consider:

(1) the extent to which the utilization of needed health care services or products by the intended targeted population is likely to increase or decrease. When a proposed arrangement is likely to increase access in one geographic area, by lowering prices or otherwise expanding supply, but limits access in another geographic area by removing service capabilities from that second area, the commissioner shall articulate the criteria employed to balance these effects;

(2) the extent to which the proposed arrangement is likely to make available a new service or product to a certain geographic area; and

(3) the extent to which the proposed arrangement is likely to otherwise make health care services or products more financially or geographically available to persons who need them.

If the commissioner determines that the proposed arrangement is likely to increase access and bases that determination on a projected increase in utilization, the commissioner shall also determine and make a specific finding that the increased utilization does not reflect overutilization.

(d) [QUALITY.] In making determinations as to quality, the commissioner may consider the extent to which the proposed arrangement is likely to:

(1) decrease morbidity and mortality;

(2) result in faster convalescence;

(3) result in fewer hospital days;

(4) permit providers to attain needed experience or frequency of treatment, likely to lead to better outcomes;

(5) increase patient satisfaction; and

(6) have any other features likely to improve or reduce the quality of health care.

Sec. 22. [62J.2918] [DECISION.]

Subdivision 1. [APPROVAL OR DISAPPROVAL.] The commissioner shall issue a written decision approving or disapproving the application. The commissioner may condition approval on a modification of all or part of the proposed arrangement to eliminate any restriction on competition that is not reasonably related to the goals of reducing cost or improving access or quality. The commissioner may also establish conditions for approval that are reasonably necessary to protect against abuses of private economic power and to ensure that the arrangement is appropriately supervised and regulated by the state.

Subd. 2. [FINDINGS OF FACT.] The commissioner's decision shall make specific findings of fact concerning the cost, access, and quality criteria, and identify one or more of those criteria as the basis for the decision.

Subd. 3. [DATA FOR SUPERVISION.] A decision approving an application must require the periodic submission of specific data relating to cost, access, and quality, and to the extent feasible, identify objective standards of cost, access, and quality by which the success of the arrangement will be measured. However, if the commissioner determines that the scope of a particular proposed arrangement is such that the arrangement is certain to have neither a positive or negative impact on one or two of the criteria, the commissioner's decision need not require the submission of data or establish an objective standard relating to those criteria.

Sec. 23. [62J.2919] [APPEAL.]

After the commissioner has rendered a decision, the applicant or any other "aggrieved person," as the term is used in section 14.63, may appeal the decision to the Minnesota court of appeals within 30 days after receipt of the commissioner's decision. The appeal is governed by sections 14.63 to 14.69. The appellate process does not include a contested case under sections 14.57 to 14.62. The commissioner's determination, under section 62J.2916, subdivision 1, of which procedure to use may not be raised as an issue on appeal.

Sec. 24. [62J.2920] [SUPERVISION AFTER APPROVAL.]

Subdivision 1. [ACTIVE SUPERVISION.] The commissioner shall actively supervise, monitor, and regulate approved arrangements.

Subd. 2. [PROCEDURES.] The commissioner shall review data submitted periodically by the applicant. The commissioner's order shall set forth the time schedule for the submission of data, which shall be at least once a year. The commissioner's order must identify the data that must be submitted, although the commissioner may subsequently require the submission of additional data or alter the time schedule. Upon review of the data submitted, the commissioner shall notify the applicant of whether the arrangement is in compliance with the commissioner's order. If the arrangement is not in compliance with the commissioner's order, the commissioner shall identify those respects in which the arrangement does not conform to the commissioner's order.

An applicant receiving notification that an arrangement is not in compliance has 30 days in which to respond with additional data. The response may include a proposal and a time schedule by which the applicant will bring the arrangement into compliance with the commissioner's order. If the arrangement is not in compliance and the commissioner and the applicant cannot agree to the terms of bringing the arrangement into compliance, the matter shall be set for a contested case hearing.

The commissioner shall publish notice in the State Register two years after the date of an order approving an application, and at two-year intervals thereafter, soliciting comments from the public concerning the impact that the arrangement has had on cost, access, and quality. The commissioner may request additional oral or written information from the applicant or from any other source.

Subd. 3. [STUDY.] The commissioner shall study and make recommendations by January 15, 1995, on the appropriate length and scope of supervision of arrangements approved for exemption from the antitrust laws.

Sec. 25. [62J.2921] [REVOCATION.]

Subdivision 1. [CONDITIONS.] The commissioner may revoke approval of a cooperative arrangement only if:

(1) the arrangement is not in substantial compliance with the terms of the application;

(2) the arrangement is not in substantial compliance with the conditions of approval;

(3) the arrangement has not and is not likely to substantially achieve the improvements in cost, access, or quality identified in the approval order as the basis for the commissioner's approval of the arrangement; or

(4) the conditions in the marketplace have changed to such an extent that competition would promote reductions in cost and improvements in access and quality better than does the arrangement at issue. In order to revoke on the basis that conditions in the marketplace have changed, the commissioner's order must identify specific changes in the marketplace and articulate why those changes warrant revocation.

Subd. 2. [NOTICE.] The commissioner shall begin a proceeding to revoke approval by providing written notice to the applicant describing in detail the basis for the proposed revocation. Notice of the proceeding must be published in the State Register and submitted to the Minnesota health care commission and the applicable regional coordinating boards. The notice must invite the submission of comments to the commissioner.

Subd. 3. [PROCEDURE.] A proceeding to revoke an approval must be conducted as a contested case proceeding upon the written request of the applicant. Decisions of the commissioner in a proceeding to revoke approval are subject to judicial review under sections 14.63 to 14.69.

Subd. 4. [ALTERNATIVES TO REVOCATION PREFERRED.] In deciding whether to revoke an approval, the commissioner shall take into account the hardship that the revocation may impose on the applicant and any potential disruption of the market as a whole. The commissioner shall not revoke an approval if the arrangement can be modified, restructured, or regulated so as to remedy the problem upon which the revocation proceeding is based. The applicant may submit proposals for alternatives to revocation. Before approving an alternative to revocation that involves modifying or restructuring an arrangement, the commissioner shall publish notice in the State Register that any person may comment on the proposed modification or restructuring within 20 days after publication of the notice. The commissioner shall not approve the modification or restructuring until the comment period has concluded. An approved modified or restructured arrangement is subject to appropriate supervision under section 62J.2920.

Subd. 5. [IMPACT OF REVOCATION.] An applicant that has had its approval revoked is not required to terminate the arrangement. The applicant cannot be held liable under state or federal antitrust law for acts that occurred while the approval was in effect, except to the extent that the applicant failed to substantially comply with the terms of its application or failed to substantially comply with the terms of the approval. The applicant is fully subject to state and federal antitrust law after the revocation becomes effective and may be held liable for acts that occur after the revocation.

Sec. 26. [UNIVERSAL COVERAGE PLAN.]

The health care commission shall develop and submit to the legislature and the governor by December 15, 1993, a comprehensive plan that will lead to universal health coverage for all Minnesotans by January 1, 1997. The plan must include an implementation plan and time schedule for the coordinated phasing in of health insurance reforms, changes or expansions in government programs, and other actions recommended by the commission. The plan must also include annual targets for expanding coverage to uninsured persons and populations and periodic evaluations of the progress being made toward achieving annual targets and universal coverage.

Sec. 27. [REPEALER.]

Minnesota Statutes 1992, section 62J.17, subdivisions 4, 5, and 6, are repealed.

Sec. 28. [EFFECTIVE DATE.]

Sections 1 to 27 are effective the day following final enactment. Sections 10 to 13 apply retroactively to any major spending commitment entered into after April 1, 1992, except that the requirements of section 62J.17, subdivision 4a, paragraph (a), that a report be submitted within 60 days after a major spending commitment and that a report include the items specifically listed are not retroactive.

ARTICLE 7

SMALL EMPLOYER INSURANCE REFORM

Section 1. Minnesota Statutes 1992, section 62L.02, subdivision 19, is amended to read:

Subd. 19. [LATE ENTRANT.] "Late entrant" means an eligible employee or dependent who requests enrollment in a health benefit plan of a small employer following the initial enrollment period applicable to the employee or dependent under the terms of the health benefit plan, provided that the initial enrollment period must be a period of at least 30 days. However, an eligible employee or dependent must not be considered a late entrant if:

(1) the individual was covered under qualifying existing coverage at the time the individual was eligible to enroll in the health benefit plan, declined enrollment on that basis, and presents to the carrier a certificate of termination of the qualifying prior coverage, due to loss of eligibility for that coverage, provided that the individual maintains continuous coverage. For purposes of this clause, eligibility for prior coverage does not include eligibility for continuation coverage required under state or federal law;

(2) the individual has lost coverage under another group health plan due to the expiration of benefits available under the Consolidated Omnibus Budget Reconciliation Act of 1985, Public Law Number 99-272, as amended, and any state continuation laws applicable to the employer or carrier, provided that the individual maintains continuous coverage;

(3) the individual is a new spouse of an eligible employee, provided that enrollment is requested within 30 days of becoming legally married;

(4) the individual is a new dependent child of an eligible employee, provided that enrollment is requested within 30 days of becoming a dependent;

(5) the individual is employed by an employer that offers multiple health benefit plans and the individual elects a different plan during an open enrollment period; or

(6) a court has ordered that coverage be provided for a dependent child under a covered employee's health benefit plan and request for enrollment is made within 30 days after issuance of the court order.

Sec. 2. Minnesota Statutes 1992, section 62L.02, subdivision 26, is amended to read:

Subd. 26. [SMALL EMPLOYER.] "Small employer" means a person, firm, corporation, partnership, association, or other entity actively engaged in business who, on at least 50 percent of its working days during the preceding calendar year, employed no fewer than two nor more than 29 eligible employees, the majority of whom were employed in this state. ~~If a small employer has only two eligible employees, one employee must not be the spouse, child, sibling, parent, or grandparent of the other, except that~~ If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid social security or self-employment tax on behalf of both eligible employees. A small employer plan may be offered through a domiciled association to self-employed individuals and small employers who are members of the association, even if the self-employed individual or small employer has fewer than two employees ~~or the employees are family members~~. Entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer for purposes of determining the number of eligible employees. Small employer status must be determined on an annual basis as of the renewal date of the health benefit plan. The provisions of this chapter continue to apply to an employer who no longer meets the requirements of this definition until the annual renewal date of the employer's health benefit plan. Where an association, described in section 62A.10, subdivision 1, comprised of employers contracts with a health carrier to provide coverage to its members who are small employers, the association may elect to be considered to be a small employer, even though the association provides coverage to more than 29 employees of its members, so long as each employer that is provided coverage through the association qualifies as a small employer. An association's election to be considered a small employer under this section is not effective unless filed with the commissioner of commerce and unless the association notifies a health carrier of the election before purchasing coverage from the carrier. The association may revoke its election at any time by filing notice of revocation with the commissioner. If an employer has employees covered under a trust established in a collective bargaining agreement under the federal Labor-Management Relations Act of 1947, United States Code, title 29, section 141, et seq., as amended, those employees are excluded in determining whether the employer qualifies as a small employer.

Sec. 3. Minnesota Statutes 1992, section 62L.02, subdivision 27, is amended to read:

Subd. 27. [SMALL EMPLOYER MARKET.] (a) "Small employer market" means the market for health benefit plans for small employers.

(b) A health carrier is considered to be participating in the small employer market if the carrier offers, sells, issues, or renews a health benefit plan to: (1) any small employer; or (2) the eligible employees of a small employer offering a health benefit plan if, with the knowledge of the health carrier, ~~both~~ either of the following conditions ~~are~~ is met:

(i) any portion of the premium or benefits is paid for or reimbursed by a small employer; ~~and~~ or

(ii) the health benefit plan is treated by the employer or any of the eligible employees or dependents as part of a plan or program for the purposes of the Internal Revenue Code, section 106, 125, or 162.

Sec. 4. Minnesota Statutes 1992, section 62L.03, subdivision 3, is amended to read:

Subd. 3. [MINIMUM PARTICIPATION.] (a) A small employer that has at least 75 percent of its eligible employees who have not waived coverage participating in a health benefit plan must be guaranteed coverage from any health carrier participating in the small employer market. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. A health carrier may not increase the participation requirements applicable to a small employer at any time after the small employer has been accepted for coverage. For the purposes of this subdivision, waiver of coverage includes only waivers due to coverage under another group health plan. If a small employer does not satisfy the 75 percent participation requirement, a health carrier may decline to issue or renew coverage. If a health carrier voluntarily issues or renews a health benefit plan in that situation, the health benefit plan must fully comply with this chapter.

(b) A health carrier may require that small employers contribute a specified minimum percentage toward the cost of the coverage of eligible employees, so long as the requirement is uniformly applied for all small employers and for all types of health benefit plans, except for the small employer plans. If a small employer does not satisfy a health carrier's contribution requirement under this paragraph, the health carrier shall not issue or renew a health benefit plan to the small employer and shall not issue or renew individual coverage to the small employer's employees or their dependents, except as permitted under section 62L.12, subdivision 2.

(c) For the small employer plans, a health carrier ~~must~~ shall require that small employers contribute at least 50 percent of the cost of the coverage of eligible employees. The health carrier ~~must~~ shall impose this small employer plan contribution requirement on a uniform basis for both small employer plans and for all small employers seeking to purchase a small employer plan. If a small employer does not satisfy the contribution requirement under this paragraph, a health carrier shall not issue or renew a small employer plan to the small employer and shall not issue or renew individual coverage to the small employer's employees or their dependents, except as permitted under section 62L.12, subdivision 2.

~~(c)~~ (d) Nothing in this section obligates a health carrier to issue coverage to a small employer that currently offers coverage through a health benefit plan from another health carrier, unless the new coverage will replace the existing coverage and not serve as one of two or more health benefit plans offered by the employer.

Sec. 5. Minnesota Statutes 1992, section 62L.03, subdivision 4, is amended to read:

Subd. 4. [UNDERWRITING RESTRICTIONS.] Health carriers may apply underwriting restrictions to coverage for health benefit plans for small employers, including any preexisting condition limitations, only as expressly permitted under this chapter. For purposes of this subdivision, "underwriting restrictions" means any refusal of the health carrier to issue or renew coverage, any premium rate higher than the lowest rate charged by the health carrier for the same coverage, or any preexisting condition limitation or exclusion. Health carriers may collect information relating to the case characteristics and demographic composition of small employers, as well as health status and health history information about employees of small employers. Except as otherwise authorized for late entrants, preexisting conditions may be excluded by a health carrier for a period not to exceed 12 months from the effective date of coverage of an eligible employee or dependent. When calculating a preexisting condition limitation, a health carrier shall credit the time period an eligible employee or dependent was previously covered by qualifying prior coverage, provided that the individual maintains continuous coverage. Late entrants may be subject to a preexisting condition limitation not to exceed 18 months from the effective date of coverage of the late entrant. Late entrants may also be excluded from coverage for a period not to exceed 18 months, provided that if a health carrier imposes an exclusion

from coverage and a preexisting condition limitation, the combined time period for both the coverage exclusion and preexisting condition limitation must not exceed 18 months. A health carrier shall, at the time of first issuance or renewal of a health benefit plan on or after July 1, 1993, credit against any preexisting condition limitation or exclusion permitted under this section, the time period prior to July 1, 1993, during which an eligible employee or dependent was covered by qualifying existing coverage or qualifying prior coverage, if the person has maintained continuous coverage.

Sec. 6. Minnesota Statutes 1992, section 62L.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY OF CHAPTER REQUIREMENTS.] Beginning July 1, 1993, health carriers participating in the small employer market must offer and make available any health benefit plan that they offer, including both of the small employer plans provided in section 62L.05, to all small employers who satisfy the small employer participation and contribution requirements specified in this chapter. Compliance with these requirements is required as of the first renewal date of any small employer group occurring after July 1, 1993. For new small employer business, compliance is required as of the first date of offering occurring after July 1, 1993.

Compliance with these requirements is required as of the first renewal date occurring after July 1, 1994, with respect to employees of a small employer who had been issued individual coverage prior to July 1, 1993, administered by the health carrier on a group basis. Notwithstanding any other law to the contrary, the health carrier shall terminate any individual coverage for employees of small employers who satisfy the small employer participation requirements specified in section 62L.03 and offer to replace it with a health benefit plan. If the employer elects not to purchase a health benefit plan, the health carrier must offer all covered employees and dependents the option of maintaining their current coverage, administered on an individual basis, or replacement individual coverage. Small employer and replacement individual coverage provided under this subdivision must be without application of underwriting restrictions, provided continuous coverage is maintained.

Sec. 7. Minnesota Statutes 1992, section 62L.05, subdivision 2, is amended to read:

Subd. 2. [DEDUCTIBLE-TYPE SMALL EMPLOYER PLAN.] The benefits of the deductible-type small employer plan offered by a health carrier must be equal to 80 percent of the ~~eligible~~ charges, as specified in subdivision 10, for health care services, supplies, or other articles covered under the small employer plan, in excess of an annual deductible which must be $500 per individual and $1,000 per family.

Sec. 8. Minnesota Statutes 1992, section 62L.05, subdivision 3, is amended to read:

Subd. 3. [COPAYMENT-TYPE SMALL EMPLOYER PLAN.] The benefits of the copayment-type small employer plan offered by a health carrier must be equal to 80 percent of the ~~eligible~~ charges, as specified in subdivision 10, for health care services, supplies, or other articles covered under the small employer plan, in excess of the following copayments:

(1) $15 per outpatient visit, ~~other than~~ including visits to an urgent care center but not including visits to a hospital outpatient department or emergency room, ~~urgent care center,~~ or similar facility;

(2) $15 per ~~day~~ visit for the services of a home health agency or private duty registered nurse;

(3) $50 per outpatient visit to a hospital outpatient department or emergency room, ~~urgent care center,~~ or similar facility; and

(4) $300 per inpatient admission to a hospital.

Sec. 9. Minnesota Statutes 1992, section 62L.05, subdivision 4, is amended to read:

Subd. 4. [BENEFITS.] The medical services and supplies listed in this subdivision are the benefits that must be covered by the small employer plans described in subdivisions 2 and 3:

(1) inpatient and outpatient hospital services, excluding services provided for the diagnosis, care, or treatment of chemical dependency or a mental illness or condition, other than those conditions specified in clauses (10), (11), and (12);

(2) physician, chiropractor, and nurse practitioner services for the diagnosis or treatment of illnesses, injuries, or conditions;

(3) diagnostic X-rays and laboratory tests;

(4) ground transportation provided by a licensed ambulance service to the nearest facility qualified to treat the condition, or as otherwise required by the health carrier;

(5) services of a home health agency if the services qualify as reimbursable services under Medicare ~~and are directed by a physician or qualify as reimbursable under the health carrier's most commonly sold health plan for insured group coverage~~;

(6) services of a private duty registered nurse if medically necessary, as determined by the health carrier;

(7) the rental or purchase, as appropriate, of durable medical equipment, other than eyeglasses and hearing aids;

(8) child health supervision services up to age 18, as defined in section 62A.047;

(9) maternity and prenatal care services, as defined in sections 62A.041 and 62A.047;

(10) inpatient hospital and outpatient services for the diagnosis and treatment of certain mental illnesses or conditions, as defined by the International Classification of Diseases-Clinical Modification (ICD-9-CM), seventh edition (1990) and as classified as ICD-9 codes 295 to 299;

(11) ten hours per year of outpatient mental health diagnosis or treatment for illnesses or conditions not described in clause (10);

(12) 60 hours per year of outpatient treatment of chemical dependency; and

(13) 50 percent of eligible charges for prescription drugs, up to a separate annual maximum out-of-pocket expense of $1,000 per individual for prescription drugs, and 100 percent of eligible charges thereafter.

Sec. 10. Minnesota Statutes 1992, section 62L.05, subdivision 6, is amended to read:

Subd. 6. [CHOICE PRODUCTS EXCEPTION.] Nothing in subdivision 1 prohibits a health carrier from offering a small employer plan which provides for different benefit coverages based on whether the benefit is provided through a primary network of providers or through a secondary network of providers so long as the benefits provided in the primary network equal the benefit requirements of the small employer plan as described in this section. For purposes of products issued under this subdivision, out-of-pocket costs in the secondary network may exceed the out-of-pocket limits described in subdivision 1. A secondary network must not be used to provide "benefits in addition" as defined in subdivision 5, except in compliance with that subdivision.

Sec. 11. Minnesota Statutes 1992, section 62L.08, subdivision 4, is amended to read:

Subd. 4. [GEOGRAPHIC PREMIUM VARIATIONS.] A health carrier may request approval by the commissioner to establish no more than three geographic regions and to establish separate index rates for each region, provided that the index rates do not vary between any two regions by more than 20 percent. Health carriers that do not do business in the Minneapolis/St. Paul metropolitan area may request approval for no more than two geographic regions, and clauses (2) and (3) do not apply to approval of requests made by those health carriers. A health carrier may also request approval to establish one additional geographic region and a separate index rate for premiums for employees residing outside of Minnesota, and that index rate must not be more than 30 percent higher than the next highest index rate. The commissioner may grant approval if the following conditions are met:

(1) the geographic regions must be applied uniformly by the health carrier;

(2) one geographic region must be based on the Minneapolis/St. Paul metropolitan area;

(3) if one geographic region is rural, the index rate for the rural region must not exceed the index rate for the Minneapolis/St. Paul metropolitan area;

(4) the health carrier provides actuarial justification acceptable to the commissioner for the proposed geographic variations in index rates, establishing that the variations are based upon differences in the cost to the health carrier of providing coverage.

Sec. 12. Minnesota Statutes 1992, section 62L.09, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO COMMISSIONER.] A health carrier electing to cease doing business in the small employer market shall notify the commissioner 180 days prior to the effective date of the cessation. ~~The cessation of business does not include the failure of a health carrier to offer or issue new business in the small employer market or continue an existing product line, provided that a health carrier does not terminate, cancel, or fail to renew its current small employer business or other product lines.~~ The health carrier shall simultaneously provide a copy of the notice to each small employer covered by a health benefit plan issued by the health carrier.

Upon making the notification, the health carrier shall not offer or issue new business in the small employer market. The health carrier shall renew its current small employer business due for renewal within 120 days after the date of the notification but shall not renew any small employer business more than 120 days after the date of the notification.

A health carrier that elects to cease doing business in the small employer market shall continue to be governed by this chapter with respect to any continuing small employer business conducted by the health carrier.

Sec. 13. [REPEALER.]

Minnesota Statutes 1992, section 62L.09, subdivision 2, is repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective July 1, 1993.

ARTICLE 8

INDIVIDUAL MARKET REFORM; MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 43A.317, subdivision 5, is amended to read:

Subd. 5. [EMPLOYER ELIGIBILITY.] (a) [PROCEDURES.] All employers are eligible for coverage through the program subject to the terms of this subdivision. The commissioner shall establish procedures for an employer to apply for coverage through the program.

(b) [TERM.] The initial term of an employer's coverage will be two years from the effective date of the employer's application. After that, coverage will be automatically renewed for additional two-year terms unless the employer gives notice of withdrawal from the program according to procedures established by the commissioner or the commissioner gives notice to the employer of the discontinuance of the program. The commissioner may establish conditions under which an employer may withdraw from the program prior to the expiration of a two-year term, including by reason of a midyear increase in health coverage premiums of 50 percent or more. An employer that withdraws from the program may not reapply for coverage for a period of two years from its date of withdrawal.

(c) [MINNESOTA WORK FORCE.] An employer is not eligible for coverage through the program if five percent or more of its eligible employees work primarily outside Minnesota, except that an employer may apply to the program on behalf of only those employees who work primarily in Minnesota.

(d) [EMPLOYEE PARTICIPATION; AGGREGATION OF GROUPS.] An employer is not eligible for coverage through the program unless its application includes all eligible employees who work primarily in Minnesota, except employees who waive coverage as permitted by subdivision 6. Private entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer, except as otherwise approved by the commissioner.

(e) [PRIVATE EMPLOYER.] A private employer is not eligible for coverage unless it has two or more eligible employees in the state of Minnesota. ~~If an employer has only two eligible employees, one employee must not be the spouse, child, sibling, parent, or grandparent of the other.~~ If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid social security or self-employment tax on behalf of both eligible employees.

(f) [MINIMUM PARTICIPATION.] The commissioner must require as a condition of employer eligibility that at least 75 percent of its eligible employees who have not waived coverage participate in the program. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. For purposes of this section, waiver of coverage includes only waivers due to coverage under another group health benefit plan.

(g) [EMPLOYER CONTRIBUTION.] The commissioner must require as a condition of employer eligibility that the employer contribute at least 50 percent toward the cost of the premium of the employee and may require that the contribution toward the cost of coverage is structured in a way that promotes price competition among the coverage options available through the program.

(h) [ENROLLMENT CAP.] The commissioner may limit employer enrollment in the program if necessary to avoid exceeding the program's reserve capacity.

Sec. 2. Minnesota Statutes 1992, section 62A.021, subdivision 1, is amended to read:

Subdivision 1. [LOSS RATIO STANDARDS.] Notwithstanding section 62A.02, subdivision 3, relating to loss ratios, a health care policy form or certificate form shall not be delivered or issued for delivery to an individual or to a small employer as defined in section 62L.02, unless the policy form or certificate form can be expected, as estimated for the entire period for which rates are computed to provide coverage, to return to Minnesota policyholders and certificate holders in the form of aggregate benefits not including anticipated refunds or credits, provided under the policy form or certificate form, (1) at least 75 percent of the aggregate amount of premiums earned in the case of policies issued in the small employer market, as defined in section 62L.02, subdivision 27; and (2) at least 65 percent of the aggregate amount of premiums earned in the case of policies issued in the individual market, calculated on the basis of incurred claims experience or incurred health care expenses where coverage is provided by a health maintenance organization on a service rather than reimbursement basis and earned premiums for the period and according to accepted actuarial principles and practices. ~~A health carrier shall demonstrate that the third year loss ratio is greater than or equal to the applicable percentage.~~ Assessments by the reinsurance association created in chapter 62L and any types of taxes, surcharges, or assessments created by Laws 1992, chapter 549, or created on or after April 23, 1992, are included in the calculation of incurred claims experience or incurred health care expenses. The applicable percentage for policy forms and certificate forms issued in the small employer market, as defined in section 62L.02, increases by one percentage point on ~~July~~ January 1 of each year beginning on January 1, 1995, until an 80 percent loss ratio is reached on ~~July~~ January 1, ~~1998~~ 1999. The applicable percentage for policy forms and certificate forms issued in the individual market increases by one percentage point on ~~July~~ January 1 of each year, until a 70 percent loss ratio is reached on ~~July~~ January 1, ~~1998~~ 1999. A health carrier that enters a market after July 1, 1993, does not start at the beginning of the phase-in schedule and must instead comply with the loss ratio requirements applicable to other health carriers in that market for each time period. Premiums earned and claims incurred in markets other than the small employer and individual markets are not relevant for purposes of this section.

Notwithstanding section 645.26, any act enacted at the 1992 regular legislative session that amends or repeals section 62A.135 or that otherwise changes the loss ratios provided in that section is void.

All filings of rates and rating schedules shall demonstrate that actual expected claims in relation to premiums comply with the requirements of this section when combined with actual experience to date. Filings of rate revisions shall also demonstrate that the anticipated loss ratio over the entire future period for which the revised rates are computed to provide coverage can be expected to meet the appropriate loss ratio standards, and aggregate loss ratio from inception of the policy form or certificate form shall equal or exceed the appropriate loss ratio standards.

A health carrier that issues health care policies and certificates to individuals or to small employers, as defined in section 62L.02, in this state shall file annually its rates, rating schedule, and supporting documentation including ratios of incurred losses to earned premiums by policy form or certificate form duration for approval by the commissioner according to the filing requirements and procedures prescribed by the commissioner. The supporting documentation shall also demonstrate in accordance with actuarial standards of practice using reasonable assumptions that the appropriate loss ratio standards can be expected to be met over the entire period for which rates are computed. The demonstration shall exclude active life reserves. ~~An expected third year loss ratio which is greater than or equal to the applicable percentage shall be demonstrated for policy forms or certificate forms in force less than three years.~~ If the data submitted does not confirm that the health carrier has satisfied the loss ratio requirements of this section,

the commissioner shall notify the health carrier in writing of the deficiency. The health carrier shall have 30 days from the date of the commissioner's notice to file amended rates that comply with this section. If the health carrier fails to file amended rates within the prescribed time, the commissioner shall order that the health carrier's filed rates for the nonconforming policy form or certificate form be reduced to an amount that would have resulted in a loss ratio that complied with this section had it been in effect for the reporting period of the supplement. The health carrier's failure to file amended rates within the specified time or the issuance of the commissioner's order amending the rates does not preclude the health carrier from filing an amendment of its rates at a later time. The commissioner shall annually make the submitted data available to the public at a cost not to exceed the cost of copying. The data must be compiled in a form useful for consumers who wish to compare premium charges and loss ratios.

Each sale of a policy or certificate that does not comply with the loss ratio requirements of this section is an unfair or deceptive act or practice in the business of insurance and is subject to the penalties in sections 72A.17 to 72A.32.

For purposes of this section, health care policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

For purposes of this section, (1) "health care policy" or "health care certificate" is a health plan as defined in section 62A.011; and (2) "health carrier" has the meaning given in section 62A.011 and includes all health carriers delivering or issuing for delivery health care policies or certificates in this state or offering these policies or certificates to residents of this state.

The first period for which the loss ratio required by this section must be calculated is the 18-month period beginning July 1, 1993. Beginning January 1, 1995, the loss ratio must be calculated on a calendar year basis.

Sec. 3. [62A.61] [DISCLOSURE OF METHODS USED BY HEALTH CARRIERS TO DETERMINE USUAL AND CUSTOMARY FEES.]

(a) A health carrier that bases reimbursement to health care providers upon a usual and customary fee must maintain in its office a copy of a description of the methodology used to calculate fees including at least the following:

(1) the frequency of the determination of usual and customary fees;

(2) a general description of the methodology used to determine usual and customary fees; and

(3) the percentile of usual and customary fees that determines the maximum allowable reimbursement.

(b) A health carrier must provide a copy of the information described in paragraph (a) to a provider, group purchaser, or enrollee upon request.

(c) At the request of a provider, group purchaser, or enrollee, the commissioner of health or commerce, as appropriate, may require health carriers to provide the information required under this section and may use any powers granted under other laws relating to the regulation of health carriers to enforce compliance.

(d) For purposes of this section, "health carrier" has the meaning given in section 62A.011, and "group purchaser" has the meaning given in section 62J.03.

Sec. 4. Minnesota Statutes 1992, section 62A.65, is amended to read:

62A.65 [INDIVIDUAL MARKET REGULATION.]

Subdivision 1. [APPLICABILITY.] No health carrier, as defined in ~~chapter 62L~~ section 62A.011, shall offer, sell, issue, or renew any individual ~~policy of accident and sickness coverage, as defined in section 62A.01, subdivision 1, any individual subscriber contract regulated under chapter 62C, any individual health maintenance contract regulated under chapter 62D, any individual health benefit certificate regulated under chapter 64B, or any individual health coverage provided by a multiple employer welfare arrangement,~~ health plan, as defined in section 62A.011, to a Minnesota resident except in compliance with this section. ~~For purposes of this section, "health benefit plan" has the meaning given in chapter 62L, except that the term means individual coverage, including family coverage, rather than employer group coverage.~~ This section does not apply to the comprehensive health association established in section 62E.10 ~~or to coverage described in section 62A.31, subdivision 1, paragraph (h), or to long-term care policies as defined in section 62A.46, subdivision 2~~.

Subd. 2. [GUARANTEED RENEWAL.] No individual health ~~benefit~~ plan may be offered, sold, issued, or renewed to a Minnesota resident unless the health ~~benefit~~ plan provides that the plan is guaranteed renewable at a premium rate that does not take into account the claims experience or any change in the health status of any covered person that occurred after the initial issuance of the health ~~benefit~~ plan to the person. The premium rate upon renewal must also otherwise comply with this section. ~~A~~ An individual health ~~benefit~~ plan may be subject to refusal to renew only under the conditions provided in chapter 62L for health benefit plans.

Subd. 3. [PREMIUM RATE RESTRICTIONS.] No individual health ~~benefit~~ plan may be offered, sold, issued, or renewed to a Minnesota resident unless the premium rate charged is determined in accordance with the rating and premium restrictions provided under chapter 62L, except that the minimum loss ratio applicable to an individual ~~coverage~~ health plan is as provided in section 62A.021. All ~~provisions~~ rating and premium restrictions of chapter 62L apply to ~~rating and premium restrictions in~~ the individual market, unless clearly inapplicable to the individual market.

Subd. 4. [GENDER RATING PROHIBITED.] No individual health ~~benefit~~ plan offered, sold, issued, or renewed to a Minnesota resident may determine the premium rate or any other underwriting decision, including initial issuance, on the gender of any person covered or to be covered under the health ~~benefit~~ plan.

Subd. 5. [PORTABILITY OF COVERAGE.] (a) No individual health ~~benefit~~ plan may be offered, sold, or issued~~, or renewed~~ to a Minnesota resident that contains a preexisting condition limitation or exclusion, unless the limitation or exclusion would be permitted under chapter 62L, provided that underwriting restrictions may be retained on individual contracts that are issued without evidence of insurability as a replacement for prior individual coverage that was sold before July 1, 1993. The individual may be treated as a late entrant, as defined in chapter 62L, unless the individual has maintained continuous coverage as defined in chapter 62L. An individual who has maintained continuous coverage may be subjected to a one-time preexisting condition limitation as permitted under chapter 62L for persons who are not late entrants, at the time that the individual first is covered ~~by~~ under an individual ~~coverage~~ health plan by any health carrier. Thereafter, the person must not be subject to any preexisting condition limitation under an individual health plan by any health carrier, except an unexpired portion of a limitation under prior coverage, so long as the individual maintains continuous coverage.

(b) A health carrier must offer an individual ~~coverage~~ health plan to any individual previously covered under a group health benefit plan issued by that health carrier, so long as the individual maintained continuous coverage as defined in chapter 62L. ~~Coverage~~ A health plan issued under this paragraph must not contain any preexisting condition limitation or exclusion, except for any unexpired limitation or exclusion under the previous coverage. The initial premium rate for the individual ~~coverage~~ health plan must comply with subdivision 3. The premium rate upon renewal must comply with subdivision 2.

Subd. 6. [GUARANTEED ISSUE NOT REQUIRED.] Nothing in this section requires a health carrier to initially issue a health ~~benefit~~ plan to a Minnesota resident, except as otherwise expressly provided in subdivision 4 or 5.

Sec. 5. Minnesota Statutes 1992, section 62E.02, subdivision 23, is amended to read:

Subd. 23. [CONTRIBUTING MEMBER.] "Contributing member" means those companies regulated under chapter 62A and offering, selling, issuing, or renewing policies or contracts of accident and health insurance; health maintenance organizations regulated under chapter 62D; nonprofit health service plan corporations regulated under chapter 62C; fraternal benefit societies regulated under chapter 64B; the private employers insurance program established in section 43A.317, effective July 1, 1993; integrated service networks operating under chapter 62N; and joint self-insurance plans regulated under chapter 62H. For the purposes of determining liability of contributing members pursuant to section 62E.11 payments received from or on behalf of Minnesota residents for coverage by a health maintenance organization shall be considered to be accident and health insurance premiums.

Sec. 6. Minnesota Statutes 1992, section 62E.10, subdivision 1, is amended to read:

Subdivision 1. [CREATION; TAX EXEMPTION.] There is established a comprehensive health association to promote the public health and welfare of the state of Minnesota with membership consisting of all insurers; self-insurers; fraternals; joint self-insurance plans regulated under chapter 62H; the private employers insurance program established in section 43A.317, effective July 1, 1993; integrated service networks operating under chapter 62N; and health maintenance organizations licensed or authorized to do business in this state. The comprehensive health association shall be exempt from taxation under the laws of this state and all property owned by the association shall be exempt from taxation.

Sec. 7. Minnesota Statutes 1992, section 62E.10, subdivision 3, is amended to read:

Subd. 3. [MANDATORY MEMBERSHIP.] All members shall maintain their membership in the association as a condition of doing accident and health insurance, self-insurance, integrated service network, or health maintenance organization business in this state. The association shall submit its articles, bylaws and operating rules to the commissioner for approval; provided that the adoption and amendment of articles, bylaws and operating rules by the association and the approval by the commissioner thereof shall be exempt from the provisions of sections 14.001 to 14.69.

Sec. 8. Minnesota Statutes 1992, section 62E.11, subdivision 12, is amended to read:

Subd. 12. [FUNDING.] Notwithstanding subdivision 5, the claims expenses and operating and administrative expenses of the association incurred on or after January 1, 1994, to the extent that they exceed the premiums received, shall be paid from the health care access account established in section 16A.724, to the extent appropriated for that purpose by the legislature. Any such expenses not paid from that account shall be paid as otherwise provided in this section. All contributing members shall adjust their premium rates to fully reflect funding provided under this subdivision. The commissioner of commerce or the commissioner of health, as appropriate, shall require contributing members to prove compliance with this rate adjustment requirement.

Sec. 9. Minnesota Statutes 1992, section 62L.02, subdivision 16, is amended to read:

Subd. 16. [HEALTH CARRIER.] "Health carrier" means an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; an integrated service network; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; and a multiple employer welfare arrangement, as defined in United States Code, title 29, section 1002(40), as amended through December 31, 1991. For the purpose of this chapter, companies that are affiliated companies or that are eligible to file a consolidated tax return must be treated as one carrier, except that any insurance company or health service plan corporation that is an affiliate of a health maintenance organization located in Minnesota, or any health maintenance organization located in Minnesota that is an affiliate of an insurance company or health service plan corporation, or any health maintenance organization that is an affiliate of another health maintenance organization in Minnesota, may treat the health maintenance organization as a separate carrier.

Sec. 10. [EFFECTIVE DATE.]

Sections 1, 2, 4, and 8 are effective July 1, 1993. Sections 5 to 7 and 9 are effective January 1, 1994.

ARTICLE 9

MINNESOTACARE PROGRAM

Section 1. Minnesota Statutes 1992, section 256.9351, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROVIDERS.] "Eligible providers" means those health care providers who provide covered health services to medical assistance recipients under rules established by the commissioner for that program. ~~Reimbursement under this section shall be at the same rates and conditions established for medical assistance.~~

Sec. 2. Minnesota Statutes 1992, section 256.9352, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL MANAGEMENT.] The commissioner shall manage spending for the health right plan in a manner that maintains a minimum reserve equal to five percent of the expected cost of state premium subsidies. The commissioner must make a quarterly assessment of the expected expenditures for the covered services for the remainder of the current fiscal year and for the following two fiscal years. The estimated expenditure shall be compared to an estimate of the revenues that will be deposited in the health care access fund. Based on this comparison, and after consulting with the chairs of the house appropriations committee and the senate finance committee, and the legislative commission on health care access, the commissioner shall make adjustments as necessary to ensure that expenditures remain within the limits of available revenues. The adjustments the commissioner may use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days' notice, stop coverage of single adults and households without children already enrolled in the health right plan; third, upon 90 days' notice, decrease the premium subsidy amounts by ten

percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the health right plan. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner may further limit enrollment or decrease premium subsidies.

~~If the commissioner determines that, despite adjustments made as authorized under this subdivision, estimated costs will exceed the forecasted amount of available revenues other than the reserve, the commissioner may, with the approval of the commissioner of finance, use all or part of the reserve to cover the costs of the program.~~ The reserve referred to in this subdivision is appropriated to the commissioner but may only be used upon approval of the commissioner of finance, if estimated costs will exceed the forecasted amount of available revenues after all adjustments authorized under this subdivision have been made.

Sec. 3. Minnesota Statutes 1992, section 256.9353, is amended to read:

256.9353 [COVERED HEALTH SERVICES.]

Subdivision 1. [COVERED HEALTH SERVICES.] "Covered health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, special education services, private duty nursing services, orthodontic services, medical transportation services, personal care assistant and case management services, hospice care services, nursing home or intermediate care facilities services, inpatient mental health services, outpatient mental health services in excess of $1,000 per adult enrollee and $2,500 per child enrollee per 12-month eligibility period, and chemical dependency services. Outpatient mental health services covered under the health right plan are limited to diagnostic assessments, psychological testing, explanation of findings, day treatment, partial hospitalization, and individual, family, and group psychotherapy. Medication management by a physician is not subject to the $1,000 and $2,500 limitations on outpatient mental health services. Covered health services shall be expanded as provided in this section.

Subd. 2. [ALCOHOL AND DRUG DEPENDENCY.] Beginning ~~October~~ July 1, ~~1992~~ 1993, covered health services shall include ~~up to ten hours per year of~~ individual outpatient treatment of alcohol or drug dependency by a qualified health professional or outpatient program. ~~Two hours of group treatment count as one hour of individual treatment.~~

Persons who may need chemical dependency services under the provisions of this chapter shall be assessed by a local agency as defined under section 254B.01, and under the assessment provisions of section 254A.03, subdivision 3. A local agency or managed care plan under contract with the department of human services must place a person in need of chemical dependency services as provided in Minnesota Rules, parts 9530.6600 to 9530.6660. Persons who are recipients of medical benefits under the provisions of this chapter and who are financially eligible for consolidated chemical dependency treatment fund services provided under the provisions of chapter 254B shall receive chemical dependency treatment services under the provisions of chapter 254B only if:

(1) they have exhausted the chemical dependency benefits offered under this chapter; or

(2) an assessment indicates that they need a level of care not provided under the provisions of this chapter.

Subd. 3. [INPATIENT HOSPITAL SERVICES.] (a) Beginning July 1, 1993, covered health services shall include inpatient hospital services, including inpatient hospital mental health services and inpatient hospital and residential chemical dependency treatment, subject to those limitations necessary to coordinate the provision of these services with eligibility under the medical assistance spend-down. The inpatient hospital benefit for adult enrollees ~~not eligible for medical assistance~~ is subject to an annual benefit limit of $10,000. The commissioner shall provide enrollees with at least 60 days' notice of coverage for inpatient hospital services and any premium increase associated with the inclusion of this benefit.

(b) Enrollees shall apply for and cooperate with the requirements of medical assistance by the last day of the third month following admission to an inpatient hospital for nonmental health services. If an enrollee fails to apply for medical assistance within this time period, the enrollee and the enrollee's family shall be disenrolled from the plan within one calendar month. Enrollees and enrollees' families disenrolled for not applying for or not cooperating with medical assistance may not reenroll.

Subd. 4. [EMERGENCY MEDICAL TRANSPORTATION SERVICES.] Beginning July 1, 1993, covered health services shall include emergency medical transportation services.

Subd. 5. [~~FEDERAL WAIVERS AND APPROVALS~~ COORDINATION WITH MEDICAL ASSISTANCE.] The commissioner shall coordinate the provision of hospital inpatient services under the health right plan with enrollee eligibility under the medical assistance spend-down, and shall apply to the secretary of health and human services for any necessary federal waivers or approvals.

Subd. 6. [COPAYMENTS AND COINSURANCE.] The ~~health right~~ MinnesotaCare benefit plan shall include the following copayments and coinsurance requirements:

(1) ten percent of the charges submitted for inpatient hospital services for adult enrollees not eligible for medical assistance, subject to an annual out-of-pocket maximum of ~~$2,000~~ $1,000 per individual and $3,000 per family;

(2) 50 percent for adult dental services, except for preventive services;

(3) $3 per prescription for adult enrollees; and

(4) $25 for eyeglasses for adult enrollees.

Enrollees who would be eligible for medical assistance with a spend-down shall be financially responsible for the coinsurance amount up to the spend-down limit or the coinsurance amount, whichever is less, in order to become eligible for the medical assistance program.

Sec. 4. Minnesota Statutes 1992, section 256.9354, subdivision 1, is amended to read:

Subdivision 1. [CHILDREN.] "Eligible persons" means children who are ~~one year~~ 18 months of age or older but less than 18 years of age who have gross family incomes that are equal to or less than 185 percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B and who are not otherwise insured for the covered services. The period of eligibility extends from the first day of the month in which the ~~child's first birthday occurs~~ child becomes 18 months old to the last day of the month in which the child becomes 18 years old. Eligibility for ~~the health right plan~~ MinnesotaCare shall be expanded as provided in subdivisions 2 to 5, but children who meet the criteria in this subdivision shall continue to be enrolled pursuant to this subdivision. Under subdivisions ~~2~~ 1 to 5, parents who enroll in the health right plan must also enroll their children and dependent siblings, if the children and their dependent siblings are eligible. Children and dependent siblings may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. Families cannot choose to enroll only certain uninsured members. For purposes of this section, a "dependent sibling" means an unmarried child who is a full-time student under the age of 25 years who is financially dependent upon a parent. Proof of school enrollment will be required.

Sec. 5. Minnesota Statutes 1992, section 256.9354, subdivision 4, is amended to read:

Subd. 4. [FAMILIES WITH CHILDREN; ELIGIBILITY BASED ON PERCENTAGE OF INCOME PAID FOR HEALTH COVERAGE.] Beginning January 1, 1993, "eligible persons" means children, parents, and dependent siblings residing in the same household who are not eligible for medical assistance under chapter 256B. ~~These persons are eligible for coverage through the health right plan but~~ Children who meet the criteria in subdivision 1 shall continue to be enrolled pursuant to subdivision 1. Persons who are eligible under this subdivision or subdivision 2, 3, or 5 must pay a premium as determined under sections 256.9357 and 256.9358, and children eligible under subdivision 1 must pay the premium required under section 256.9356, subdivision 1. Individuals and families whose income is greater than the limits established under section 256.9358 may not enroll in ~~the health right plan~~ MinnesotaCare. Individuals who initially enroll in ~~the health right plan~~ MinnesotaCare under the eligibility criteria in this subdivision remain eligible for ~~the health right plan~~ MinnesotaCare, regardless of age, place of residence within Minnesota, or the presence or absence of children in the same household, as long as all other eligibility requirements are met and continuous enrollment in ~~the health right plan~~ MinnesotaCare or medical assistance is maintained.

Sec. 6. Minnesota Statutes 1992, section 256.9354, subdivision 5, is amended to read:

Subd. 5. [ADDITION OF SINGLE ADULTS AND HOUSEHOLDS WITH NO CHILDREN.] Beginning July 1, 1994, "eligible persons" means all families and individuals who are not eligible for medical assistance under chapter 256B. These persons are eligible for coverage through ~~the health right plan~~ MinnesotaCare but must pay a premium as determined under sections 256.9357 and 256.9358. Individuals and families whose income is greater than the limits established under section 256.9358 may not enroll in ~~the health right plan~~ MinnesotaCare.

Sec. 7. Minnesota Statutes 1992, section 256.9356, subdivision 1, is amended to read:

Subdivision 1. [~~ENROLLMENT FEE~~ ANNUAL PREMIUM FOR CERTAIN CHILDREN.] ~~Until October 1, 1992,~~ An annual ~~enrollment fee of $25, not to exceed $150 per family,~~ premium of $60 is required from ~~eligible persons for covered health services~~ all enrollees eligible under section 256.9354, subdivision 1.

Sec. 8. Minnesota Statutes 1992, section 256.9356, subdivision 2, is amended to read:

Subd. 2. [PREMIUM PAYMENTS.] ~~Beginning October 1, 1992,~~ The commissioner shall require ~~health right plan~~ MinnesotaCare enrollees eligible under section 256.9354, subdivisions 2 to 5 to pay a premium based on a sliding scale, as established under section ~~256.9357~~ 256.9358. Applicants who are eligible under section 256.9354, subdivision 1, are exempt from this requirement ~~until July 1, 1993, if the application is received by the health right plan staff on or before September 30, 1992. Before July 1, 1993,~~. These individuals shall continue to pay the annual ~~enrollment fee~~ premium required by subdivision 1.

Sec. 9. Minnesota Statutes 1992, section 256.9357, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] Families and individuals ~~who enroll on or after October 1, 1992,~~ are eligible for subsidized premium payments based on a sliding scale under section 256.9358 only if the family or individual meets the requirements in subdivisions 2 and 3. ~~Children already enrolled in the health right plan as of September 30, 1992, are eligible for subsidized premium payments without meeting these requirements, as long as they maintain continuous coverage in the health right plan or medical assistance.~~

Families and individuals who initially enrolled in ~~the health right~~ MinnesotaCare plan under section 256.9354, and whose income increases above the limits established in section 256.9358, may continue enrollment and pay the full cost of coverage.

Sec. 10. [256.9362] [PROVIDER PAYMENT.]

Subdivision 1. [MEDICAL ASSISTANCE RATE TO BE USED.] Payment to providers under sections 256.9351 to 256.9362 shall be at the same rates and conditions established for medical assistance, except as provided in subdivisions 2 to 6.

Subd. 2. [PAYMENT OF CERTAIN PROVIDERS.] Services provided by federally qualified health centers, rural health clinics, and facilities of the Indian health service shall be paid for according to the same rates and conditions applicable to the same service provided by providers that are not federally qualified health centers, rural health clinics, or facilities of the Indian health service.

Subd. 3. [INPATIENT HOSPITAL SERVICES.] Inpatient hospital services provided under section 256.9353, subdivision 3, shall be paid for as provided in subdivisions 4 to 6.

Subd. 4. [DEFINITION OF MEDICAL ASSISTANCE RATE FOR INPATIENT HOSPITAL SERVICES.] The "medical assistance rate," as used in this section to apply to rates for providing inpatient hospital services, means the rates established under sections 256.9685 to 256.9695 for providing inpatient hospital services to medical assistance recipients who receive aid to families with dependent children.

Subd. 5. [ENROLLEES YOUNGER THAN 18.] Payment for inpatient hospital services provided to MinnesotaCare enrollees who are younger than 18 years old on the date of admission to the inpatient hospital shall be at the medical assistance rate.

Subd. 6. [ENROLLEES 18 OR OLDER.] Payment by the MinnesotaCare program for inpatient hospital services provided to MinnesotaCare enrollees who are 18 years old or older on the date of admission to the inpatient hospital must be in accordance with paragraphs (a) and (b).

(a) If the medical assistance rate is less than or equal to the amount remaining in the enrollee's benefit limit under section 256.9353, subdivision 3, payment must be the medical assistance rate minus any copayment required under section 256.9353, subdivision 6. The hospital must not seek payment from the enrollee in addition to the copayment. The MinnesotaCare payment plus the copayment must be treated as payment in full.

(b) If the medical assistance rate is greater than the amount remaining in the enrollee's benefit limit under section 256.9353, subdivision 3, payment must be the lesser of:

(1) the amount remaining in the enrollee's benefit limit; or

(2) charges submitted for the inpatient hospital services less any copayment established under section 256.9353, subdivision 6.

The hospital may seek payment from the enrollee for the amount by which usual and customary charges exceed the payment under this paragraph.

Sec. 11. [256.9363] [MANAGED CARE.]

Subdivision 1. [SELECTION OF VENDORS.] In order to contain costs for the MinnesotaCare program, the commissioner shall select vendors of medical care who can provide the most economical care consistent with high medical standards. Where possible, the commissioner shall contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for managed care plans. These plans may include: prepaid capitation programs, competitive bidding programs, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Managed care plans may include integrated service networks established under article 1.

Subd. 2. [GEOGRAPHIC AREA.] The commissioner shall designate the geographic areas in which MinnesotaCare enrollees must receive services through managed care plans.

Subd. 3. [LIMITATION OF CHOICE.] The commissioner shall require MinnesotaCare enrollees who reside in the designated geographic areas to enroll in a managed care plan to receive their health care services. The commissioner shall require these enrollees to receive their health care services only from health care providers who are part of the provider network of the managed care plan, except as otherwise authorized by the managed care plan, in cases of medical emergency, or when otherwise required by law or by contract.

If only one managed care option is available in a geographic area, the commissioner shall require enrollees to designate a primary care physician or clinic from which to receive their health care. Enrollees may change their designated primary care provider upon request to the managed care plan. The commissioner may prohibit enrollees from changing primary care providers more than once annually. If more than one managed care plan is offered in a geographic area, enrollees shall enroll in a managed care plan for a minimum of one year from the date of enrollment but shall have the right to change to another managed care plan once within the first year of initial enrollment, at any time during that year. Enrollees may also change to another managed care plan during an annual 30-day open enrollment period. The commission shall notify enrollees of the opportunity to change to another managed care plan before the start of each annual open enrollment period.

Enrollees may change managed care plans or primary care providers at other than the above designated times for cause as determined through an appeal pursuant to section 256.045.

Subd. 4. [EXEMPTIONS TO LIMITATION ON CHOICE.] All contracts between the department of human services and prepaid health plans or integrated service networks to serve medical assistance, general assistance medical care, and MinnesotaCare recipients, that are executed after June 30, 1994, must allow for freedom of choice of family planning provider.

Subd. 5. [ELIGIBILITY FOR OTHER STATE PROGRAMS.] MinnesotaCare enrollees who become eligible for medical assistance or general assistance medical care shall remain in the same managed care plan through which they received services under MinnesotaCare. Contracts between the commissioner and managed care plans must include MinnesotaCare and medical assistance and may also include general assistance medical care.

Subd. 6. [COPAYMENTS AND BENEFIT LIMITS.] Enrollees are responsible for all copayments under section 256.9353, subdivision 6, and shall pay copayments to the managed care plan or to its participating providers. The enrollee is also responsible for payment of inpatient hospital charges which exceed the MinnesotaCare benefit limit to the managed care plan or its participating providers.

Subd. 7. [MANAGED CARE PLAN VENDOR REQUIREMENTS.] The following requirements apply to all counties or vendors who contract with the commissioner to serve MinnesotaCare recipients. Managed care plan contractors:

(a) shall authorize and arrange for the provision of the full range of services listed in section 256.9353 in order to ensure that appropriate health care is delivered to enrollees;

(b) shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;

(c) may contract with other health care and social service providers to provide services to enrollees;

(d) shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;

(e) shall retain all revenue from enrollee copayments;

(f) shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

(g) shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity beyond that which is required by those chapters;

(h) shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services; and

(i) shall submit to the commissioner claims in the format specified by the commissioner for all hospital services provided to enrollees for the purpose of determining whether enrollees meet medical assistance spenddown requirements and shall provide to the enrollee, upon the enrollee's request, information on the cost of services provided to the enrollee by the managed care plan for the purpose of establishing whether the enrollee has met medical assistance spenddown requirements.

Subd. 8. [CHEMICAL DEPENDENCY ASSESSMENTS.] The managed care plan shall be responsible for assessing the need and placement for chemical dependency services according to criteria set forth in Minnesota Rules, parts 9530.6600 to 9530.6660.

Subd. 9. [RATE SETTING.] To the greatest extent possible, the commissioner shall establish rates on a prospective, per capita basis. The commissioner shall include payment for only the covered benefit package. The commissioner shall consult with an independent actuary to determine appropriate rates.

Sec. 12. Minnesota Statutes 1992, section 256B.04, subdivision 1, is amended to read:

Subdivision 1. The state agency shall: Supervise the administration of medical assistance for eligible recipients by the county agencies hereunder, except that medical assistance eligibility determinations may be completed by the state agency for pregnant women and families with children born on or after October 1, 1983, when other family members are eligible for MinnesotaCare.

Sec. 13. Minnesota Statutes 1992, section 256B.057, subdivision 1, is amended to read:

Subdivision 1. [PREGNANT WOMEN AND INFANTS.] An infant less than ~~one year~~ 18 months of age or a pregnant woman who has written verification of a positive pregnancy test from a physician or licensed registered nurse, is eligible for medical assistance if countable family income is equal to or less than ~~185~~ 275 percent of the federal poverty guideline for the same family size. Eligibility for a pregnant woman or infant less than ~~one year of age~~ 18 months old under this subdivision must be determined without regard to asset standards established in section 256B.056, subdivision 3.

An infant born on or after January 1, 1991, to a woman who was eligible for and receiving medical assistance on the date of the child's birth shall continue to be eligible for medical assistance without redetermination until the ~~child's first birthday~~ child is 18 months of age, as long as the child remains in the woman's household.

Women and infants who are eligible under this subdivision and whose countable family income is equal to or greater than 185 percent of the federal poverty guideline for the same family size shall be required to pay a premium for medical assistance coverage based on a sliding scale as established under section 256.9358.

For purposes of this subdivision, "countable income" means the amount of income considered available using the methodology of the AFDC program, except for the earned income disregard and employment deductions. An amount equal to the amount of earned income exceeding 275 percent of federal poverty, up to a maximum of the combined total of 185 percent of federal poverty plus the earned income disregards and deductions of the AFDC program, will be deducted for pregnant women and infants under age one.

Sec. 14. Minnesota Statutes 1992, section 256B.057, subdivision 2, is amended to read:

Subd. 2. [CHILDREN.] A child ~~one~~ 18 months through five years of age in a family whose countable income is less than 133 percent of the federal poverty guidelines for the same family size, is eligible for medical assistance. A child six through 18 years of age, who was born after September 30, 1983, in a family whose countable income is less than 100 percent of the federal poverty guidelines for the same family size is eligible for medical assistance. Eligibility for children under this subdivision must be determined without regard to asset standards established in section 256B.056, subdivision 3.

Sec. 15. Minnesota Statutes 1992, section 256B.057, subdivision 2a, is amended to read:

Subd. 2a. [NO ASSET TEST FOR CHILDREN AND THEIR PARENTS.] Eligibility for medical assistance for a person under age 21, and the person's parents who are eligible under section 256B.055, subdivision 3, and who live in the same household as the person eligible under age 21, must be determined without regard to asset standards established in section 256B.056.

Sec. 16. Minnesota Statutes 1992, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner, after receiving recommendations from the Minnesota Medical Association and the Minnesota Pharmacists Association, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for

the treatment of lice, and vitamins for children under the age of seven and pregnant or nursing women; or any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(b) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The ~~actual~~ estimated acquisition cost of a drug ~~may be estimated by the commissioner~~ is the lesser of the average wholesale price minus eight percent, or the current maximum allowable cost, increased by two percent. For reimbursement purposes, the actual acquisition cost equals the estimated acquisition cost. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of $.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

(c) Until January 4, 1993, or the date the Medicaid Management Information System (MMIS) upgrade is implemented, whichever occurs last, a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spend-down, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spend-down amount at the time the services are provided. A pharmacy provider choosing this option shall file a medical assistance claim for the pharmacy services provided. If medical assistance reimbursement is received for this claim, the pharmacy provider shall return to the individual the total amount paid by the individual for the pharmacy services reimbursed by the medical assistance program. If the claim is not eligible for medical assistance reimbursement because of the provider's failure to comply with the provisions of the medical assistance program, the pharmacy provider shall refund to the individual the total amount paid by the individual. Pharmacy providers may choose this option only if they apply similar credit restrictions to private pay or privately insured individuals. A pharmacy provider choosing this option must inform individuals who seek to become eligible for medical assistance under a one-month spend-down of (1) their right to appeal the denial of services on the grounds that they have satisfied the spend-down requirement, and (2) their potential eligibility for the health right program or the children's health plan.

Sec. 17. Minnesota Statutes 1992, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spend-down of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of $1,000 per assistance unit. No asset test shall be applied to children and their parents living in the same household. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of $30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first $50 of earned income is not allowed; or

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months, and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

Sec. 18. [DEMONSTRATION WAIVER.]

The commissioner of human services shall seek a demonstration waiver to allow the state to charge the premium described in section 13, increase the income standard to 275 percent of the federal poverty guideline, and continue eligibility without redetermination for infants 13 to 18 months of age.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 12, and sections 14 to 17 are effective July 1, 1993. Section 18 is effective the day following final enactment. Section 13 is effective July 1, 1993, or after the effective date of the waiver referred to in section 18, whichever is later.

ARTICLE 10

RURAL HEALTH INITIATIVE

Section 1. Minnesota Statutes 1992, section 144.147, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION OF GRANTS.] (a) Eligible hospitals must apply to the commissioner no later than September 1 of each fiscal year for grants awarded for ~~the~~ that fiscal year ~~beginning the following July 1~~. A grant may be awarded upon signing of a grant contract.

(b) The commissioner must make a final decision on the funding of each application within 60 days of the deadline for receiving applications.

(c) Each relevant community health board has 30 days in which to review and comment to the commissioner on grant applications from hospitals in their community health service area.

(d) In determining which hospitals will receive grants under this section, the commissioner shall consider the following factors:

(1) Description of the problem, description of the project, and the likelihood of successful outcome of the project. The applicant must explain clearly the nature of the health services problems in their service area, how the grant funds will be used, what will be accomplished, and the results expected. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations.

(2) The extent of community support for the hospital and this proposed project. The applicant should demonstrate support for the hospital and for the proposed project from other local health service providers and from local community and government leaders. Evidence of such support may include past commitments of financial support from local individuals, organizations, or government entities; and commitment of financial support, in-kind services or cash, for this project.

(3) The comments, if any, resulting from a review of the application by the community health board in whose community health service area the hospital is located.

(e) In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning the maximum of 70 points for an applicant's understanding of the problem, description of the project, and likelihood of successful outcome of the project; and a maximum of 30 points for the extent of community support for the hospital and this project. The commissioner may also take into account other relevant factors.

(f) A grant to a hospital, including hospitals that submit applications as consortia, may not exceed ~~$50,000~~ $37,500 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-half of the amount, which may include in-kind services, is available for the same purposes from nonstate sources. A hospital receiving a grant under this section may use the grant for any expenses incurred in the development of strategic plans or the implementation of transition projects with respect to which the grant is made. Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated.

(g) The commissioner may adopt rules to implement this section.

Sec. 2. Minnesota Statutes 1992, section 144.1484, subdivision 1, is amended to read:

Subdivision 1. [SOLE COMMUNITY HOSPITAL FINANCIAL ASSISTANCE GRANTS.] The commissioner of health shall award financial assistance grants to rural hospitals in isolated areas of the state. To qualify for a grant, a hospital must: (1) be eligible to be classified as a sole community hospital according to the criteria in Code of Federal Regulations, title 42, section 412.92 or be located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services; (2) have experienced net income losses in the two most recent consecutive hospital fiscal years for which audited financial information is available; (3) consist of ~~30~~ 40 or fewer licensed beds; and (4) ~~have exhausted local sources of support. Before applying for a grant, the hospital must have developed a strategic plan. The commissioner shall award grants in equal amounts.~~ demonstrate to the commissioner that it has obtained local support for the hospital and that any state support awarded under this program will not be used to supplant local support for the hospital. The commissioner shall

review audited financial statements of the hospital to assess the extent of local support. Evidence of local support may include bonds issued by a local government entity such as a city, county, or hospital district for the purpose of financing hospital projects; and loans, grants, or donations to the hospital from local government entities, private organizations, or individuals. The commissioner shall determine the amount of the award to be given to each eligible hospital based on the hospital's financial need and the total amount of funding available.

Sec. 3. Minnesota Statutes 1992, section 144.1484, subdivision 2, is amended to read:

Subd. 2. [GRANTS TO AT-RISK RURAL HOSPITALS TO OFFSET THE IMPACT OF THE HOSPITAL TAX.] (a) The commissioner of health shall award financial assistance grants to rural hospitals that would otherwise close as a direct result of the hospital tax in section 295.52. To be eligible for a grant, a hospital must have 50 or fewer beds and must not be located in a city of the first class. To receive a grant, the hospital must demonstrate to the satisfaction of the commissioner of health that the hospital will close in the absence of state assistance under this subdivision and that the hospital tax is the principal reason for the closure.

(b) At a minimum the hospital must demonstrate that:

(1) it has had a net margin of minus ten percent or below in at least one of the last two years or a net margin of less than zero percent in at least three of the last four years. For purposes of this subdivision, "net margin" means the ratio of net income from all hospital sources to total revenues generated by the hospital;

(2) it has had a negative cash flow in at least three of the last four years. For purposes of this subdivision, "cash flow" means the total of net income plus depreciation; and

(3) its fund balance has declined by at least 25 percent over the last two years, and its fund balance at the end of its last fiscal year was equal to or less than its accumulated net loss during the last two years. For purposes of this subdivision, "fund balance" means the excess of assets of the hospital's fund over its liabilities and reserves.

(c) A hospital seeking a grant shall submit the following with its application:

(1) a statement of the projected dollar amount of tax liability for the current fiscal year, projected monthly disbursements, and projected net patient revenue base for the current fiscal year, broken down by payer categories including Medicare, medical assistance, MinnesotaCare, general assistance medical care, and others. The figures must be certified by the hospital administrator;

(2) a statement of all rate increases, listing the date and percentage of each increase during the last three years and the date and percentage of any increases for the current fiscal year. The statement must be certified by the hospital administrator and must include a narrative explaining whether or not the rate increase incorporates a pass-through of the hospital tax;

(3) a statement certified by the chair or equivalent of the hospital board, and by an independent auditor, that the hospital will close within the next 12 months as a result of the hospital tax unless it receives a grant; and

(4) a statement certified by the chair or equivalent of the hospital board that the hospital will not close for financial reasons within the next 12 months if it receives a grant.

The amount of the grant must not exceed the amount of the tax the hospital would pay under section 295.52, based on the previous year's hospital revenues. A hospital that closes within 12 months after receiving a grant under this subdivision must refund the amount of the grant to the commissioner of health.

ARTICLE 11

HEALTH PROFESSIONAL EDUCATION

Section 1. Minnesota Statutes 1992, section 136A.1355, subdivision 1, is amended to read:

Subdivision 1. [CREATION OF ACCOUNT.] A rural physician education account is established in the health care access fund. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas, as defined by the board.

Sec. 2. Minnesota Statutes 1992, section 136A.1355, subdivision 3, is amended to read:

Subd. 3. [LOAN FORGIVENESS.] ~~Prior to June 30, 1992, the higher education coordinating board may accept up to eight applicants who are fourth year medical students, up to eight applicants who are first year residents, and up to eight applicants who are second year residents for participation in the loan forgiveness program.~~ For the period July 1, ~~1992~~ 1993 through June 30, ~~1995~~ 1997, the higher education coordinating board may accept up to ~~eight~~ four applicants who are fourth year medical students and up to eight applicants who are residents in training, per fiscal year for participation in the loan forgiveness program. The eight resident applicants can be in any year of training. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of medical school, up to a maximum of four years, an agreed amount, not to exceed $10,000, as a qualified loan. For each year that a participant serves as a physician in a designated rural area, up to a maximum of four years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans. Participants who move their practice from one designated rural area to another remain eligible for loan repayment. In addition, if a resident participating in the loan forgiveness program serves at least four weeks during a year of residency substituting for a rural physician to temporarily relieve the rural physician of rural practice commitments to enable the rural physician to take a vacation, engage in activities outside the practice area, or otherwise be relieved of rural practice commitments, the participating resident may designate up to an additional $2,000, above the $10,000 maximum, for each year of residency during which the resident substitutes for a rural physician for four or more weeks.

Sec. 3. Minnesota Statutes 1992, section 136A.1355, subdivision 4, is amended to read:

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the required three-year minimum commitment of service in a designated rural area, the higher education coordinating board shall collect from the participant the amount paid by the board under the loan forgiveness program. The higher education coordinating board shall deposit the money collected in the rural physician education account established in subdivision 1. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the three-year service commitment.

Sec. 4. Minnesota Statutes 1992, section 136A.1355, is amended by adding a subdivision to read:

Subd. 5. [LOAN FORGIVENESS; UNDERSERVED URBAN COMMUNITIES.] For the period July 1, 1993 to June 30, 1995, the higher education coordinating board may accept up to three applicants who are fourth year medical students, two applicants who are pediatric residents, two applicants who are family practice residents, and one applicant who is an internal medicine resident per fiscal year for participation in the urban primary care physician loan forgiveness program. The five resident applicants may be in any year of residency training. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of medical school, up to a maximum of four years, an agreed amount, not to exceed $10,000, as a qualified loan. For each year that a participant serves as a physician in a designated underserved urban area, up to a maximum of four years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans. Participants who move their practice from one designated underserved urban community to another remain eligible for loan repayment.

Sec. 5. Minnesota Statutes 1992, section 136A.1356, subdivision 2, is amended to read:

Subd. 2. [CREATION OF ACCOUNT.] A midlevel practitioner education account is established in the health care access fund. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for midlevel practitioners agreeing to practice in designated rural areas.

Sec. 6. Minnesota Statutes 1992, section 136A.1356, subdivision 4, is amended to read:

Subd. 4. [LOAN FORGIVENESS.] The higher education coordinating board may accept up to ~~eight~~ 12 applicants per year for participation in the loan forgiveness program. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of midlevel practitioner study, up to a maximum of two years, an agreed amount, not to exceed $7,000, as a qualified loan. For each year that a participant serves as a midlevel practitioner in a designated rural area, up to a maximum of four years, the higher education coordinating board shall annually repay an amount equal to one-half a qualified loan. Participants who move their practice from one designated rural area to another remain eligible for loan repayment.

Sec. 7. Minnesota Statutes 1992, section 136A.1356, subdivision 5, is amended to read:

Subd. 5. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 4 for full repayment of all qualified loans, the higher education coordinating board shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The higher education coordinating board shall deposit the money collected in the midlevel practitioner education account established in subdivision 2. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 8. Minnesota Statutes 1992, section 136A.1357, is amended to read:

136A.1357 [EDUCATION ACCOUNT FOR NURSES WHO AGREE TO PRACTICE IN A NURSING HOME OR INTERMEDIATE CARE FACILITY FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

Subdivision 1. [CREATION OF THE ACCOUNT.] An education account in the ~~general~~ health care access fund is established for a loan forgiveness program for nurses who agree to practice nursing in a nursing home or intermediate care facility for persons with mental retardation or related conditions. The account consists of money appropriated by the legislature and repayments and penalties collected under subdivision 4. Money from the account must be used for a loan forgiveness program.

Subd. 2. [ELIGIBILITY.] To be eligible to participate in the loan forgiveness program, a person planning to enroll or enrolled in a program of study designed to prepare the person to become a registered nurse or licensed practical nurse must submit a letter of interest to the board before ~~completing the first year of study~~ completion of a nursing education program. Before ~~completing the first year of study~~ completion of the program, the applicant must sign a contract in which the applicant agrees to practice nursing for at least one of the first two years following completion of the nursing education program providing nursing services in a licensed nursing home or intermediate care facility for persons with mental retardation or related conditions.

Subd. 3. [LOAN FORGIVENESS.] The board may accept up to ten applicants a year. Applicants are responsible for securing their own loans. For each year of nursing education, for up to two years, applicants accepted into the loan forgiveness program may designate an agreed amount, not to exceed $3,000, as a qualified loan. For each year that a participant practices nursing in a nursing home or intermediate care facility for persons with mental retardation or related conditions, up to a maximum of two years, the board shall annually repay an amount equal to one year of qualified loans. Participants who move from one nursing home or intermediate care facility for persons with mental retardation or related conditions to another remain eligible for loan repayment.

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 3 for full repayment of all qualified loans, the commissioner shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The board shall deposit the collections in the ~~general~~ health care access fund to be credited to the account established in subdivision 1. The board may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Subd. 5. [RULES.] The board shall adopt rules to implement this section.

Sec. 9. [136A.1358] [RURAL CLINICAL SITES FOR NURSE PRACTITIONER EDUCATION.]

Subdivision 1. [DEFINITION.] For purposes of this section, "rural" means any area of the state outside of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

Subd. 2. [ESTABLISHMENT.] A grant program is established under the authority of the higher education coordinating board to provide grants to colleges or schools of nursing located in Minnesota that operate programs of study designed to prepare registered nurses for advanced practice as nurse practitioners.

Subd. 3. [PROGRAM GOALS.] Colleges and schools of nursing shall use grants received to provide rural students with increased access to programs of study for nurse practitioners, by:

(1) developing rural clinical sites;

(2) allowing students to remain in their rural communities for clinical rotations; and

(3) providing faculty to supervise students at rural clinical sites.

The overall goal of the grant program is to increase the number of graduates of nurse practitioner programs who work in rural areas of the state.

Subd. 4. [RESPONSIBILITY OF NURSING PROGRAMS.] (a) Colleges or schools of nursing interested in participating in the grant program must apply to the higher education coordinating board according to the policies established by the board. Applications submitted by colleges or schools of nursing must include a detailed proposal for achieving the goals listed in subdivision 3, a plan for encouraging sufficient applications from rural applicants to meet the requirements of paragraph (b), and any additional information required by the board.

(b) Each college or school of nursing, as a condition of accepting a grant, shall make at least 25 percent of the openings in each nurse practitioner entering class available to applicants who live in rural areas and desire to practice as a nurse practitioner in rural areas. This requirement is effective beginning with the fall 1994 entering class and remains in effect for each biennium thereafter for which a college or school of nursing is awarded a grant renewal. The board may exempt colleges or schools of nursing from this requirement if the college or school can demonstrate, to the satisfaction of the board, that the nurse practitioner program did not receive enough applications or acceptance letters from qualified rural applicants to meet the requirement.

(c) Colleges or schools of nursing participating in the grant program shall report to the higher education coordinating board on their program activity as requested by the board.

Subd. 5. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] (a) The board shall establish an application process for interested colleges and schools of nursing and shall require colleges and schools of nursing to submit grant applications to the board by November 1, 1993. The board may award up to two grants for the biennium ending June 30, 1995.

(b) In selecting grant recipients, the board shall consider:

(1) the likelihood that an applicant's grant proposal will be successful in achieving the program goals listed in subdivision 3;

(2) the potential effectiveness of the college's or school's plan to encourage applications from rural applicants; and

(3) the academic quality of the college's or school's program of education for nurse practitioners.

(c) The board shall notify grant recipients of an award by December 1, 1993, and shall disburse the grants by January 1, 1994. The board may renew grants if a college or school of nursing demonstrates that satisfactory progress has been made during the past biennium toward achieving the goals listed in subdivision 3.

Sec. 10. Minnesota Statutes 1992, section 137.38, subdivision 2, is amended to read:

Subd. 2. [PRIMARY CARE.] For purposes of sections 137.38 to 137.40, "primary care" means a type of medical care delivery that assumes ongoing responsibility for the patient in both health maintenance and illness treatment. It is personal care involving a unique interaction and communication between the patient and the physician. It is comprehensive in scope, and includes all the overall coordination of the care of the patient's health care problems including biological, behavioral, and social problems. The appropriate use of consultants and community resources is an important aspect of effective primary care. Primary care physicians include family practitioners, general pediatricians, and general internists.

Sec. 11. Minnesota Statutes 1992, section 137.38, subdivision 3, is amended to read:

Subd. 3. [GOALS.] The board of regents of the University of Minnesota, through the University of Minnesota medical school, is requested to implement the initiatives required by sections 137.38 to 137.40 in order to increase the number of graduates of residency programs of the medical school who practice primary care by 20 percent over an eight-year period. The initiatives must be designed to encourage newly graduated primary care physicians to establish practices in areas of rural and urban Minnesota that are medically underserved.

Sec. 12. Minnesota Statutes 1992, section 137.38, subdivision 4, is amended to read:

Subd. 4. [GRANTS.] The board of regents is requested to seek grants from private foundations and other nonstate sources, including community provider organizations, for the medical school initiatives outlined in sections 137.38 to 137.40.

Sec. 13. Minnesota Statutes 1992, section 137.39, subdivision 2, is amended to read:

Subd. 2. [DESIGN OF CURRICULUM.] The medical school is requested to ensure that its curriculum provides students with early exposure to primary care physicians and primary care practice, and to address other primary care curriculum issues such as public health, preventive medicine, and health care delivery. The medical school is requested to also support premedical school educational initiatives that provide students with greater exposure to primary care physicians and practices.

Sec. 14. Minnesota Statutes 1992, section 137.39, subdivision 3, is amended to read:

Subd. 3. [CLINICAL EXPERIENCES IN PRIMARY CARE.] The medical school~~, in consultation with medical school faculty at the University of Minnesota, Duluth,~~ is requested to develop a program to provide students with clinical experiences in primary care settings in internal medicine and pediatrics. The program must provide training experiences in medical clinics in rural Minnesota communities, as well as in community clinics and health maintenance organizations in the Twin Cities metropolitan area.

Sec. 15. Minnesota Statutes 1992, section 137.40, subdivision 3, is amended to read:

Subd. 3. [CONTINUING MEDICAL EDUCATION.] The medical school is requested to develop continuing medical education programs for primary care physicians that are comprehensive, community-based, ~~and~~ accessible to primary care physicians in all areas of the state, and which enhance primary care skills.

Sec. 16. [144.1487] [LOAN REPAYMENT PROGRAM FOR HEALTH PROFESSIONALS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of sections 144.1487 to 144.1492, the following definitions apply.

(b) "Board" means the higher education coordinating board.

(c) "Health professional shortage area" means an area designated as such by the federal secretary of health and human services, as provided under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E.

Subd. 2. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a National Health Services Corps state loan repayment program authorized by section 388I of the Public Health Service Act, United States Code, title 42, section 254q-1, as amended by Public Law Number 101-597. The purpose of the program is to assist communities with the recruitment and retention of health professionals in federally designated health professional shortage areas.

Sec. 17. [144.1488] [PROGRAM ADMINISTRATION AND ELIGIBILITY.]

Subdivision 1. [DUTIES OF THE COMMISSIONER OF HEALTH.] The commissioner shall administer the state loan repayment program. The commissioner shall:

(1) ensure that federal funds are used in accordance with program requirements established by the federal National Health Services Corps;

(2) notify potentially eligible loan repayment sites about the program;

(3) develop and disseminate application materials to sites;

(4) review and rank applications using the scoring criteria approved by the federal department of health and human services as part of the Minnesota department of health's National Health Services Corps state loan repayment program application;

(5) select sites that qualify for loan repayment based upon the availability of federal and state funding;

(6) provide the higher education coordinating board with a list of qualifying sites; and

(7) carry out other activities necessary to implement and administer sections 144.1487 to 144.1492.

The commissioner shall enter into an interagency agreement with the higher education coordinating board to carry out the duties assigned to the board under sections 144.1487 to 144.1492.

Subd. 2. [DUTIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board, through an interagency agreement with the commissioner of health, shall:

(1) verify the eligibility of program participants;

(2) sign a contract with each participant that specifies the obligations of the participant and the state;

(3) arrange for the payment of qualifying educational loans for program participants;

(4) monitor the obligated service of program participants;

(5) waive or suspend service or payment obligations of participants in appropriate situations;

(6) place participants who fail to meet their obligations in default;

(7) enforce penalties for default; and

(8) report regularly to the commissioner.

Subd. 3. [ELIGIBLE LOAN REPAYMENT SITES.] Private, nonprofit, and public entities located in and providing health care services in federally designated primary care health professional shortage areas are eligible to apply for the program. The commissioner shall develop a list of Minnesota health professional shortage areas in greatest need of health care professionals and shall select loan repayment sites from that list. The commissioner shall ensure, to the greatest extent possible, that the geographic distribution of sites within the state reflects the percentage of the population living in rural and urban health professional shortage areas.

Subd. 4. [ELIGIBLE HEALTH PROFESSIONALS.] (a) To be eligible to apply to the higher education coordinating board for the loan repayment program, health professionals must be citizens or nationals of the United States, must not have any unserved obligations for service to a federal, state, or local government, or other entity, and must be ready to begin full-time clinical practice upon signing a contract for obligated service.

(b) In selecting physicians for participation, the board shall give priority to physicians who are board certified or have completed a residency in family practice, osteopathic general practice, obstetrics and gynecology, internal medicine, or pediatrics. A physician selected for participation is not eligible for loan repayment until the physician has an employment agreement or contract with an eligible loan repayment site and has signed a contract for obligated service with the higher education coordinating board.

Sec. 18. [144.1489] [OBLIGATIONS OF PARTICIPANTS.]

Subdivision 1. [CONTRACT REQUIRED.] Before starting the period of obligated service, a participant must sign a contract with the higher education coordinating board that specifies the obligations of the participant and the board.

Subd. 2. [OBLIGATED SERVICE.] A participant shall agree in the contract to fulfill the period of obligated service by providing primary health care services in full-time clinical practice. The service must be provided in a private, nonprofit, or public entity that is located in and providing services to a federally designated health professional shortage area and that has been designated as an eligible site by the commissioner under the state loan repayment program.

Subd. 3. [LENGTH OF SERVICE.] Participants must agree to provide obligated service for a minimum of two years. A participant may extend a contract to provide obligated service for a third year, subject to board approval and the availability of federal and state funding.

Subd. 4. [AFFIDAVIT OF SERVICE REQUIRED.] Within 30 days of the start of obligated service, and by February 1 of each succeeding calendar year, a participant shall submit an affidavit to the board stating that the participant is providing the obligated service and which is signed by a representative of the organizational entity in which the service is provided. Participants must provide written notice to the board within 30 days of: a change in name or address, a decision not to fulfill a service obligation, or cessation of clinical practice.

Subd. 5. [TAX RESPONSIBILITY.] The participant is responsible for reporting on federal income tax returns any amount paid by the state on designated loans, if required to do so under federal law.

Subd. 6. [NONDISCRIMINATION REQUIREMENTS.] Participants are prohibited from charging a higher rate for professional services than the usual and customary rate prevailing in the area where the services are provided. If a patient is unable to pay this charge, a participant shall charge the patient a reduced rate or not charge the patient. Participants must agree not to discriminate on the basis of ability to pay or status as a Medicare or medical assistance enrollee. Participants must agree to accept assignment under the Medicare program and to serve as an enrolled provider under medical assistance.

Sec. 19. [144.1490] [RESPONSIBILITIES OF THE LOAN REPAYMENT PROGRAM.]

Subdivision 1. [LOAN REPAYMENT.] Subject to the availability of federal and state funds for the loan repayment program, the higher education coordinating board shall pay all or part of the qualifying education loans up to $20,000 annually for each primary care physician participant that fulfills the required service obligation. For purposes of this provision, "qualifying educational loans" are government and commercial loans for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.

Subd. 2. [PROCEDURE FOR LOAN REPAYMENT.] Program participants, at the time of signing a contract, shall designate the qualifying loan or loans for which the higher education coordinating board is to make payments. The participant shall submit to the board all payment books for the designated loan or loans or all monthly billings for the designated loan or loans within five days of receipt. The board shall make payments in accordance with the terms and conditions of the designated loans, in an amount not to exceed $20,000 when annualized. If the amount paid by the board is less than $20,000 during a 12-month period, the board shall pay during the 12th month an additional amount towards a loan or loans designated by the participant, to bring the total paid to $20,000. The total amount paid by the board must not exceed the amount of principal and accrued interest of the designated loans.

Sec. 20. [144.1491] [FAILURE TO COMPLETE OBLIGATED SERVICE.]

Subdivision 1. [PENALTIES FOR BREACH OF CONTRACT.] A program participant who fails to complete two years of obligated service shall repay the amount paid, as well as a financial penalty based upon the length of the service obligation not fulfilled. If the participant has served at least one year, the financial penalty is the number of unserved months multiplied by $1,000. If the participant has served less than one year, the financial penalty is the total number of obligated months multiplied by $1,000.

Subd. 2. [SUSPENSION OR WAIVER OF OBLIGATION.] Payment or service obligations cancel in the event of a participant's death. The board may waive or suspend payment or service obligations in case of total and permanent disability or long-term temporary disability lasting for more than two years. The board shall evaluate all other requests for suspension or waivers on a case-by-case basis.

Sec. 21. Laws 1990, chapter 591, article 4, section 9, is amended to read:

Sec. 9. [SUNSET.]

Sections 1 to 4, and 6 are repealed on June 30, 1995.

Section 5 is repealed June 30, 1997.

Sec. 22. [NURSE PRACTITIONER PROMOTION TEAMS.]

The commissioner of health, through the office of rural health, shall establish nurse practitioner promotion teams, consisting of one nurse practitioner and one physician who are practicing jointly. The promotion teams shall travel to rural communities and provide physicians, medical clinic administrators, and other interested parties with

information on: the benefits of joint practices between nurse practitioners and physicians and methods of establishing and maintaining joint practices. The office of rural health shall contract with promotion teams to visit up to 20 rural communities during the biennium ending June 30, 1995. The office of rural health shall provide members of promotion teams with stipends for their time and travel expenses.

Sec. 23. [SUMMER HEALTH CARE INTERNS.]

Subdivision 1. [SUMMER INTERNSHIPS.] The commissioner of education shall award grants to eligible districts or groups of districts to establish a summer health care intern program in the summer of 1994 for pupils who intend to complete high school graduation requirements and who are between their junior year and senior year of high school. The purpose of the program is to expose interested high school pupils to various careers within the health care profession.

Subd. 2. [CRITERIA.] The commissioner, with the advice of the Minnesota Medical Association and the Minnesota Hospital Association, shall establish criteria for awarding grants to districts or groups of districts that have juniors enrolled in high school who are interested in pursuing a career in the health care profession. The criteria must include, among other things:

(1) the proximity of a district or districts to a hospital or clinic willing to participate in the program;

(2) the kinds of formal exposure to the health care profession a hospital or clinic can provide to a pupil;

(3) the need for health care professionals in a particular area; and

(4) the willingness of a hospital or clinic to pay one-half the costs of employing a pupil.

The Minnesota Medical Association and the Minnesota Hospital Association jointly must provide the commissioner by January 31, 1994, with a list of hospitals and clinics willing to participate in the program and what provisions those hospitals or clinics will make to ensure a pupil's adequate exposure to the health care profession and indicate whether a hospital or clinic is willing to pay one-half the costs of employing a pupil.

Subd. 3. [GRANTS.] The commissioner shall award grants to districts or groups of districts meeting the requirements of subdivision 2. The grants must be used to pay one-half of the costs of employing a pupil in a hospital or clinic during the course of the program. No more than five pupils may be selected from any one high school to participate in the program and no more than one-half of the number of pupils selected may be from the seven-county metropolitan area.

Sec. 24. [EFFECTIVE DATE.]

Sections 16 to 20 related to the National Health Services Corps loan repayment program are effective the day following final enactment.

ARTICLE 12

DATA RESEARCH INITIATIVES

Section 1. Minnesota Statutes 1992, section 62J.30, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 62J.30 to 62J.34, the following definitions apply:

(a) "Practice parameter" means a statement intended to guide the clinical decision making of health care providers and patients that is supported by the results of appropriately designed outcomes research studies~~, including those studies sponsored~~ or that has been approved by the federal agency for health care policy and research~~,~~ or ~~has been~~ adopted for use by a national medical society, national medical specialty society, or a nationally recognized health care related society.

(b) "Outcomes research" means research designed to identify and analyze the outcomes and costs of alternative interventions for a given clinical condition, in order to determine the most appropriate and cost-effective means to prevent, diagnose, treat, or manage the condition, or in order to develop and test methods for reducing inappropriate or unnecessary variations in the type and frequency of interventions.

Sec. 2. Minnesota Statutes 1992, section 62J.30, subdivision 6, is amended to read:

Subd. 6. [DATA COLLECTION PROCEDURES.] The health care analysis unit shall collect data from health care providers, health carriers, and individuals in the most cost-effective manner, which does not unduly burden ~~providers~~ them. The unit may require health care providers and health carriers to collect and provide all patient health records and claim files, ~~provide mailing lists of patients who have consented to release of data,~~ and cooperate in other ways with the data collection process. ~~For purposes of this chapter, the health care analysis unit shall assign, or require health care providers and health carriers to assign, a unique identification number to each patient to safeguard patient identity.~~ The unit may also require health care providers and health carriers to provide mailing lists of patients who have consented to release of data. The commissioner shall require all health care providers, group purchasers, and state agencies to use a standard patient identifier, which may be the patient's social security number, and a standard identifier for providers and health plans when reporting data under this chapter. Patient identifiers will be coded to enable release of otherwise private data to researchers, providers, and group purchasers in a manner consistent with chapter 13.

Sec. 3. Minnesota Statutes 1992, section 62J.30, subdivision 7, is amended to read:

Subd. 7. [DATA CLASSIFICATION.] (a) Data collected through the large-scale data base initiatives of the health care analysis unit required by section 62J.31 that identify individuals are private data on individuals. Data not on individuals are nonpublic data. The commissioner may release private data on individuals and nonpublic data to researchers affiliated with university research centers or departments who are conducting research on health outcomes, practice parameters, and medical practice style; researchers working under contract with the commissioner; and individuals purchasing health care services for health carriers and groups. ~~Prior to releasing any nonpublic or private data under this paragraph that identify or relate to a specific health carrier, medical provider, or health care facility, the commissioner shall provide at least 30 days' notice to the subject of the data, including a copy of the relevant data, and allow the subject of the data to provide a brief explanation or comment on the data which must be released with the data.~~ The commissioner shall require any person or organization receiving under this subdivision either private data on individuals or nonpublic data to sign an agreement to maintain the data that it receives according to the statutory provisions applicable to the data. The agreement shall not limit the preparation and dissemination of summary data as permitted under section 13.05, subdivision 7. To the extent reasonably possible, release of private or confidential data under this chapter shall be made without releasing data that could reveal the identity of individuals and should instead be released using the identification numbers required by subdivision 6.

(b) Summary data derived from data collected through the large-scale data base initiatives of the health care analysis unit may be provided under section 13.05, subdivision 7, and may be released in studies produced by the commissioner.

(c) The commissioner shall adopt rules to establish criteria and procedures to govern access to and the use of data collected through the initiatives of the health care analysis unit.

Sec. 4. Minnesota Statutes 1992, section 62J.30, subdivision 8, is amended to read:

Subd. 8. [DATA COLLECTION ADVISORY COMMITTEE.] The commissioner shall convene a 15-member data collection advisory committee consisting of health service researchers, health care providers, health carrier representatives, representatives of businesses that purchase health coverage, and consumers. Six members of this committee must be health care providers. The advisory committee shall evaluate methods of data collection and shall recommend to the commissioner methods of data collection that minimize administrative burdens, address data privacy concerns, and meet the needs of health service researchers. The committee may convene advisory panels as needed to assist the committee in carrying out these duties. The advisory committee is governed by section 15.059, but does not expire.

Sec. 5. Minnesota Statutes 1992, section 62J.32, subdivision 4, is amended to read:

Subd. 4. [PRACTICE PARAMETER ADVISORY COMMITTEE.] The commissioner shall convene a 15-member practice parameter advisory committee comprised of eight health care professionals, and representatives of the research community and the medical technology industry. The committee shall present recommendations on the adoption of practice parameters to the commissioner and the Minnesota health care commission and provide technical assistance as needed to the commissioner and the commission. The committee may convene advisory panels as needed to assist the committee in carrying out these duties. The advisory committee is governed by section 15.059, but does not expire.

Sec. 6. Minnesota Statutes 1992, section 62J.34, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] The commissioner of health, after receiving the advice and recommendations of the Minnesota health care commission, may approve practice parameters that are endorsed, developed, or revised by the health care analysis unit. The commissioner is exempt from the rulemaking requirements of chapter 14 when approving practice parameters approved by the federal agency for health care policy and research, practice parameters adopted for use by a national medical society, ~~or~~ a national medical specialty society, or a nationally recognized health care related society. The commissioner shall use rulemaking to approve practice parameters that are newly developed or substantially revised by the health care analysis unit. Practice parameters adopted without rulemaking must be published in the State Register.

Sec. 7. Minnesota Statutes 1992, section 144.335, is amended by adding a subdivision to read:

Subd. 3b. [RELEASE OF RECORDS TO COMMISSIONER OF HEALTH OR DATA INSTITUTE.] Subdivision 3a does not apply to the release of health records to the commissioner of health or the data institute under chapter 62J, provided that the data are not in individually identifiable form.

Sec. 8. Minnesota Statutes 1992, section 214.16, subdivision 3, is amended to read:

Subd. 3. [GROUNDS FOR DISCIPLINARY ACTION.] The board shall take disciplinary action, which may include license revocation, against a regulated person for:

(1) intentional failure to provide the commissioner of health or the health care analysis unit established under section 62J.30 with the data ~~on gross patient revenue as~~ required under ~~section 62J.04~~ chapter 62J;

(2) ~~failure to provide the health care analysis unit with data as required under Laws 1992, chapter 549, article 7;~~

~~(3)~~ intentional failure to provide the commissioner of revenue with data on gross revenue and other information required for the commissioner to implement sections 295.50 to 295.58; and

~~(4)~~ (3) intentional failure to pay the health care provider tax required under section 295.52.

Sec. 9. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall change the words "health care analysis unit" to "data analysis unit," as appropriate, wherever they appear in Minnesota Statutes.

Sec. 10. [REPEALER.]

Minnesota Statutes 1992, section 62J.29, is repealed.

ARTICLE 13

FINANCING

Section 1. Minnesota Statutes 1992, section 295.50, subdivision 3, is amended to read:

Subd. 3. [GROSS REVENUES.] ~~(a)~~ "Gross revenues" are total amounts received in money or otherwise by:

(1) a resident hospital for ~~inpatient or outpatient~~ patient services ~~as defined in Minnesota Rules, part 4650.0102, subparts 21 and 29;~~

(2) a resident surgical center for patient services;

(3) a nonresident hospital for ~~inpatient or outpatient~~ patient services ~~as defined in Minnesota Rules, part 4650.0102, subparts 21 and 29,~~ provided to patients domiciled in Minnesota;

~~(3)~~ (4) a nonresident surgical center for patient services provided to patients domiciled in Minnesota;

(5) a resident health care provider, other than a health maintenance organization, for ~~covered~~ patient services ~~listed in section 256B.0625~~;

~~(4)~~ (6) a nonresident health care provider for ~~covered~~ patient services ~~listed in section 256B.0625~~ provided to an individual domiciled in Minnesota;

~~(5)~~ (7) a wholesale drug distributor for sale or distribution of prescription drugs that are delivered ~~in Minnesota~~ to Minnesota residents by nonresident pharmacies or by the distributor or a common carrier, unless the prescription drugs are delivered to another wholesale drug distributor. Prescription drugs do not include nutritional products as defined in Minnesota Rules, part 9505.0325; and

~~(6)~~ (8) a health maintenance organization as gross premiums for enrollees, carrier copayments, and fees for ~~covered~~ patient services ~~listed in section 256B.0625~~.

~~(b) Gross revenues do not include governmental, foundation, or other grants or donations to a hospital or health care provider for operating or other costs.~~

Sec. 2. Minnesota Statutes 1992, section 295.50, subdivision 4, is amended to read:

Subd. 4. [HEALTH CARE PROVIDER.] (a) "Health care provider" ~~is a vendor of medical care qualifying for reimbursement under the medical assistance program provided under chapter 256B, and includes health maintenance organizations but excludes hospitals and pharmacies.~~ means:

(1) a person furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, medical supplies, medical appliances, laboratory, diagnostic or therapeutic services, or any good or service not listed above that qualifies for reimbursement under the medical assistance program provided under chapter 256B;

(2) a health maintenance organization;

(3) an integrated service network; or

(4) a licensed ambulance service.

(b) Health care provider does not include hospitals, nursing homes licensed under chapter 144A, surgical centers, and pharmacies as defined in section 151.01.

Sec. 3. Minnesota Statutes 1992, section 295.50, subdivision 7, is amended to read:

Subd. 7. [HOSPITAL.] "Hospital" ~~is~~ means a hospital licensed under chapter 144, or a hospital ~~providing inpatient or outpatient services~~ licensed by any other state or province or territory of Canada ~~or a surgical center~~.

Sec. 4. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 9a. [PATIENT SERVICES.] "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

(1) bed and board;

(2) nursing services and other related services;

(3) use of hospitals, surgical centers, or health care provider facilities;

(4) medical social services;

(5) drugs, biologicals, supplies, appliances, and equipment;

(6) other diagnostic or therapeutic items or services;

(7) medical or surgical services;

(8) items and services furnished to ambulatory patients not requiring emergency care;

(9) emergency services; and

(10) covered services listed in section 256B.0625 and in Minnesota Rules, parts 9505.0170 to 9505.0475.

Sec. 5. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 9b. [PERSON.] "Person" means an individual, partnership, limited liability company, corporation, association, governmental unit or agency, or public or private organization of any kind.

Sec. 6. Minnesota Statutes 1992, section 295.50, is amended by adding a subdivision to read:

Subd. 10a. [REGIONAL TREATMENT CENTER.] "Regional treatment center" means a regional center as defined in section 253B.02, subdivision 18, and named in sections 252.025, subdivision 1; 253.015, subdivision 1; 253.201; and 254.05.

Sec. 7. Minnesota Statutes 1992, section 295.50, subdivision 14, is amended to read:

Subd. 14. [WHOLESALE DRUG DISTRIBUTOR.] "Wholesale drug distributor" means a wholesale drug distributor required to be licensed under sections 151.42 to 151.51 or a nonresident pharmacy required to be registered under section 151.19.

Sec. 8. Minnesota Statutes 1992, section 295.51, subdivision 1, is amended to read:

Subdivision 1. [BUSINESS TRANSACTIONS IN MINNESOTA.] A hospital, surgical center, or health care provider is subject to tax under sections 295.50 to 295.58 if it is "transacting business in Minnesota." A hospital, surgical center, or health care provider is transacting business in Minnesota only if it:

(1) maintains an office in Minnesota used in the trade or business of providing patient services;

(2) has employees, representatives, or independent contractors conducting business in Minnesota related to the trade or business of providing patient services;

(3) regularly ~~sells covered~~ provides patient services to customers that receive the ~~covered~~ services in Minnesota;

(4) regularly solicits business from potential customers in Minnesota. A hospital, surgical center, or health care provider is presumed to regularly solicit business within Minnesota if it receives gross receipts for patient services from 20 or more patients domiciled in Minnesota in a calendar year;

(5) regularly performs services outside Minnesota the benefits of which are consumed in Minnesota;

(6) owns or leases tangible personal or real property physically located in Minnesota and used in the trade or business of providing patient services; or

(7) receives medical assistance payments from the state of Minnesota.

Sec. 9. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

Subd. 1a. [SURGICAL CENTER TAX.] A tax is imposed on each surgical center equal to two percent of its gross revenues.

Sec. 10. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

Subd. 5. [REGIONAL TREATMENT CENTERS.] Regional treatment centers are not subject to tax under this section.

Sec. 11. Minnesota Statutes 1992, section 295.52, is amended by adding a subdivision to read:

Subd. 6. [VOLUNTEER AMBULANCE SERVICES.] Licensed ambulance services for which a majority of staff meet the definition of "volunteer ambulance attendant" in section 144.8091, subdivision 2, are not subject to the tax under this section.

Sec. 12. Minnesota Statutes 1992, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57:

(1) payments received ~~from the federal government~~ for services provided under the Medicare program, including payments received from the government, and Medicare coordinated health plans, ~~excluding~~ and enrollee ~~deductible~~ deductibles, coinsurance, and ~~coinsurance payments~~ copayments, whether paid by the individual or by insurer or other third party. Payments for services not covered by Medicare are taxable;

(2) medical assistance payments including payments received directly from the government or from a prepaid plan;

(3) payments received for ~~services performed by nursing homes licensed under chapter 144A, services provided in supervised living facilities and~~ home health care services;

(4) payments received from hospitals or surgical centers for goods and services that are subject to tax under section 295.52;

(5) payments received from health care providers for goods and services that are subject to tax under section 295.52;

(6) amounts paid for prescription drugs, other than nutritional products, to a wholesale drug distributor reduced by reimbursements received for prescription drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program including payments received directly from the government or from a prepaid plan;

(8) payments received for providing services under the ~~health right~~ MinnesotaCare program ~~under Laws 1992, chapter 549, article 4~~ including payments received directly from the government or from a prepaid plan; ~~and~~

(9) payments received by a resident health care provider or the wholly owned subsidiary of a resident health care provider for care provided outside Minnesota to a patient who is not domiciled in Minnesota;

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services if the services are incidental to conducting medical research; and

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer.

Sec. 13. Minnesota Statutes 1992, section 295.53, subdivision 3, is amended to read:

Subd. 3. [RESTRICTION ON ITEMIZATION.] A hospital, surgical center, or health care provider must not separately state the tax obligation under section 295.52 on bills provided to individual patients.

Sec. 14. Minnesota Statutes 1992, section 295.53, is amended by adding a subdivision to read:

Subd. 4. [DEDUCTION FOR RESEARCH AND EDUCATION.] In addition to the exemptions allowed under subdivision 1, a hospital or health care provider which is exempt under section 501(c)(3) of the Internal Revenue Code of 1986 or is owned and operated under authority of a governmental unit, may deduct from its gross revenues subject to the hospital or health care provider taxes under sections 295.50 to 295.57 revenues equal to expenditures for allowable research programs and education programs.

(a) For purposes of this subdivision, expenditures for allowable education programs are the direct and general service cost of approved educational activities, less any reimbursement from grants, tuition, or donations received for educational purposes, which quality program participants for entry level or advanced certification as a health care provider. Approved educational activities are those defined as an approved educational activity as an allowable cost under the Medicare program. Costs of "on-the-job," "in-service," or similar work-learning programs are excluded from this exemption.

(b) For purposes of this subdivision, expenditures for allowable research programs are the direct and general program costs for activities which are part of a formal program of medical and health care research approved by the governing body of the hospital or health care provider which also includes active solicitation of research funds from government and private sources. Any allowable research on humans or animals must be subject to review by appropriate regulatory committees operating in conformity with federal regulations such as an institutional review board or an institutional animal care and use committee. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No deduction shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, that is not subject to the tax imposed by section 295.52 or for which the tax liability under section 295.52 has been received from a third party as provided for in Laws 1992, chapter 549, article 9, section 19.

Sec. 15. Minnesota Statutes 1992, section 295.54, is amended to read:

295.54 [CREDIT FOR TAXES PAID TO ANOTHER STATE.]

A resident hospital, resident surgical center, or resident health care provider who is liable for taxes payable to another state or province or territory of Canada measured by gross receipts and is subject to tax under section 295.52 is entitled to a credit for the tax paid to another state or province or territory of Canada to the extent of the lesser of (1) the tax actually paid to the other state or province or territory of Canada, or (2) the amount of tax imposed by Minnesota on the gross receipts subject to tax in the other taxing jurisdictions.

Sec. 16. Minnesota Statutes 1992, section 295.55, subdivision 4, is amended to read:

Subd. 4. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] A taxpayer with an aggregate tax liability of ~~$60,000~~ $30,000 or more during a calendar quarter ending the last day of March, June, September, or December of the first year the taxpayer is subject to the tax must ~~thereafter~~ remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), for the remainder of the year. A taxpayer with an aggregate tax liability of $120,000 or more during a calendar year, must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), in the subsequent calendar year. The funds transfer payment date, as defined in section 336.4A-401, is on or before the date the tax is due. If the date the tax is due is not a funds-transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date is on or before the first funds-transfer business day after the date the tax is due.

Sec. 17. Minnesota Statutes 1992, section 295.57, is amended to read:

295.57 [COLLECTION AND ENFORCEMENT; REFUNDS; RULEMAKING; APPLICATION OF OTHER CHAPTERS.]

Unless specifically provided otherwise by sections 295.50 to 295.58, the enforcement, interest, and penalty provisions under chapter 294, appeal ~~and~~, criminal penalty, and refund provisions under chapter 289A, and collection and rulemaking provisions under chapter 270, apply to a liability for the taxes imposed under sections 295.50 to 295.58.

Sec. 18. Minnesota Statutes 1992, section 295.58, is amended to read:

295.58 [DEPOSIT OF REVENUES AND PAYMENT OF REFUNDS.]

The commissioner shall deposit all revenues, including penalties and interest, derived from the taxes imposed by sections 295.50 to 295.57 and from the insurance premiums tax on health maintenance organizations and nonprofit health service corporations in the health care access fund in the state treasury. Refunds of overpayments must be paid from the health care access fund in the state treasury.

Sec. 19. [295.582] [AUTHORITY.]

A hospital, health care provider, or surgical center that is subject to a tax under section 295.52 may transfer additional expenses generated by section 295.52 obligations on to third party contracts regulated under chapter 60A, 62A, 62C, 62D, 62H, or 64B or for the purchase of health care services on behalf of a patient or consumer. The expense must not exceed two percent of the gross revenues received under the third party contract, including

copayments and deductibles paid by the individual patient or consumer. The expense must not be generated on revenues derived from payments that are excluded from the tax under section 295.53. Such third party purchasers must pay the transferred expense in addition to any payments due under existing or future contracts with the hospital, health care provider, or surgical center. Nothing in this subdivision limits the ability of a hospital, health care provider, or surgical center to recover all or part of the section 295.52 obligation by other methods, including increasing fees or charges. The authority to transfer additional expenses generated by section 295.52 also applies to pharmacies, to the extent their product is subject to the wholesale drug distributor tax.

Sec. 20. Minnesota Statutes 1992, section 295.59, is amended to read:

295.59 [SEVERABILITY.]

If any section, subdivision, clause, or phrase of sections 295.50 to ~~295.58~~ 295.582 is for any reason held to be unconstitutional or in violation of federal law, the decision shall not affect the validity of the remaining portions of sections 295.50 to ~~295.58~~ 295.582. The legislature declares that it would have passed sections 295.50 to ~~295.58~~ 295.582 and each section, subdivision, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subdivisions, sentences, clauses, or phrases is declared unconstitutional.

Sec. 21. [APPROPRIATION.]

Notwithstanding Laws 1992, chapter 549, article 10, section 1, subdivision 1, the amount appropriated to the commissioner of revenue in Laws 1992, chapter 549, article 10, section 1, subdivision 8, is available until June 30, 1994.

Sec. 22. [REPEALER.]

Minnesota Statutes 1992, section 295.50, subdivision 10, is repealed.

Minnesota Statutes 1992, section 295.51, subdivision 2, is repealed.

Laws 1992, chapter 549, article 9, section 19, subdivision 2, is repealed.

Sec. 23. [EFFECTIVE DATES.]

Sections 1; 3; 4, clauses (1) to (9); 6; 8; 9; 10; 12; 13; 15; 17; and 18 are effective retroactively to gross revenues generated by services performed and goods sold after December 31, 1992.

Sections 4, clause (10); 7; 11; and 15 are effective for services performed and goods sold after December 31, 1993.

Sections 2, 5, 19, 20, and 21 are effective the day following final enactment.

For hospitals, section 14 is effective for gross revenues generated after December 31, 1992. For health care providers, section 14 is effective for revenues generated after December 31, 1993.

Section 16 is effective for payments due in calendar year 1994, and thereafter, based on payments made in the fiscal year ending June 30, 1993.

ARTICLE 14

APPROPRIATIONS

Section 1. APPROPRIATIONS

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the health care access fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this article, to be available for the fiscal years indicated for each purpose. The figures "1994" and "1995" where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1994, or June 30, 1995, respectively.

	APPROPRIATIONS Available for the Year Ending June 30 1994	1995
Sec. 2. HUMAN SERVICES	51,879,000	118,520,000

SUMMARY BY FUND

	1994	1995
General Fund	$10,017,000	$24,342,000
Health Care Access Fund	41,862,000	94,178,000

Of the health care access fund appropriation, $8,383,000 the first year and $10,155,000 the second year is for administration of the MinnesotaCare program.

The general fund appropriation is for the medical assistance program and the general assistance medical care program.

Sec. 3. HEALTH	9,784,000	4,969,000
Sec. 4. UNIVERSITY OF MINNESOTA	2,277,000	2,357,000
Sec. 5. HIGHER EDUCATION COORDINATING BOARD	959,000	691,000
Sec. 6. LEGISLATIVE COORDINATING COMMISSION	175,000	175,000
Sec. 7. REVENUE	872,000	1,202,000
Sec. 8. EMPLOYEE RELATIONS	3,554,000	7,125,000

This appropriation shall be transferred to the employer insurance trust fund.

Sec. 9. TRANSFERS TO GENERAL FUND	10,017,000	24,342,000
Sec. 10. TRANSFER TO THE SPECIAL REVENUE FUND	189,000	239,000

This transfer is appropriated to the department of human services for systems cost in support of the MinnesotaCare program."

Delete the title and insert:

"A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for voluntary commitments by health plans and providers to limit the rate of growth in total revenues; permitting expedited rulemaking; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.317, subdivision 5; 60A.02, subdivision 1a; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.05, subdivision 2, and by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding subdivisions; 62J.15, subdivision 1; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 16, 19, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 2, 3, 4, and 6; 62L.08, subdivision 4; 62L.09, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2, 4, and 5;

136A.1357; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.147, subdivision 4; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 151.47, subdivision 1; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9352, subdivision 3; 256.9353; 256.9354, subdivisions 1, 4, and 5; 256.9356, subdivisions 1 and 2; 256.9357, subdivision 1; 256.9657, subdivision 3, and by adding a subdivision; 256B.04, subdivision 1; 256B.057, subdivisions 1, 2, and 2a; 256B.0625, subdivision 13; 256D.03, subdivision 3; 295.50, subdivisions 3, 4, 7, 14, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivisions 1, 3, and by adding a subdivision; 295.54; 295.55, subdivision 4; 295.57; 295.58; 295.59; Laws 1990, chapter 591, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 62A; 62J; 136A; 144; 151; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62O; repealing Minnesota Statutes 1992, sections 62J.15, subdivision 2; 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; Laws 1992, chapter 549, article 9, section 19, subdivision 2."

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

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1247, A bill for an act relating to motor vehicles; establishing automobile theft prevention program and creating board; proposing coding for new law in Minnesota Statutes, chapter 168A.

Reported the same back with the following amendments:

Page 1, line 10, before the period insert "in the department of commerce"

Page 1, line 14, after the period insert "No more than four members of the board may be of one gender."

Page 1, line 18, after the period insert "The commissioner of commerce shall provide office space and administrative support to the board and shall oversee its operations."

Page 4, after line 4, insert:

"This act shall expire on January 1, 1999."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1750, A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; transferring duties of the department of administration agencies and functions; amending Minnesota Statutes 1992, sections 3.971, by adding a subdivision; 3A.02, by adding a subdivision; 13.02, by adding a subdivision; 13.05, subdivision 2; 13.06, subdivisions 1, 4, 5, 6, and 7; 13.07; 15.17, subdivision 1; 15.171; 15.172; 15.173; 15.174; 16A.011, subdivisions 5, 6, and 14; 16A.04, subdivision 1; 16A.055, subdivision 1; 16A.06, subdivision 4; 16A.065; 16A.10, subdivisions 1 and 2; 16A.105; 16A.11, subdivisions 1 and 3; 16A.128, as amended; 16A.129, by adding a subdivision; 16A.15, subdivisions 1, 5, and 6; 16A.17, subdivision 3; 16A.28; 16A.281; 16A.30; 16A.58; 16A.69, subdivision 2; 16A.72; 16B.04, subdivision 2; 16B.24, subdivision 9; 16B.40; 16B.41, as amended; 16B.43; 16B.44; 16B.92; 43A.045; 116.03, subdivision 3; 116J.617, subdivisions 2, 3, and by adding a subdivision; 240A.02, subdivision 1; 240A.03, by adding

a subdivision; 270.063; 309.501; 349A.02, subdivision 1; 349A.03, subdivision 2; 352.96, subdivision 3; 354B.05; and 356.24, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 11A; 13; 15; 15B; 16A; 116J; and 116M; repealing Minnesota Statutes 1992, sections 3.3005; 13.02, subdivision 2; 16A.095, subdivision 3; 16A.123; 16A.1281; 16A.35; 16A.45, subdivisions 2 and 3; 16A.80; 16B.41, subdivisions 3 and 4; 290A.24; 309.502; and 349A.03, subdivision 3.

Reported the same back with the following amendments:

Page 1, line 40, delete "259,942,000" and insert "249,530,000" and delete "248,952,000" and insert "238,394,000" and delete "508,894,000" and insert "487,924,000"

Page 2, lines 4 and 34, delete "395,000" and insert "430,000" in both places and delete "790,000" and insert "860,000"

Page 2, line 12, delete "278,421,000" and insert "268,044,000" and delete "267,014,000" and insert "256,491,000" and delete "545,435,000" and insert "524,535,000"

Page 2, line 25, delete "207,102,000" and insert "196,690,000" and delete "208,142,000" and insert "197,584,000" and delete "415,244,000" and insert "394,274,000"

Page 2, line 36, delete "224,204,000" and insert "213,827,000" and delete "225,327,000" and insert "214,804,000" and delete "449,531,000" and insert "428,631,000"

Page 4, delete lines 13 to 32, and insert:

"The second 50 percent of the appropriation to the department of finance for the statewide systems project is available only if the commissioner of finance seeks and receives a recommendation from the legislative commission on planning and fiscal policy on the degree to which the project will improve legislative access to information on the systems. Failure of the commission to make a recommendation within 30 days of the commissioner's request shall be considered a positive recommendation. The commissioner shall seek a recommendation no later than October 1, 1993."

Page 11, after line 2, insert:

"By October 1, 1994, the commissioner of finance shall coordinate the preparation of a report which identifies the estimated direct and indirect budget savings anticipated from the enacted funding of investment initiatives within the fiscal year 1994-1995 budget. The report shall identify current and estimated future funding requirements as well as direct and indirect benefits by year covering the current and two future biennia. The commissioner shall subsequently report to the legislative commission on planning and fiscal policy by November 1 of each year documented costs and savings compared to original estimates. Each agency shall retain responsibility for monitoring and documenting savings. If actual savings and benefits vary from original estimates, the report must include agency plans to ensure ongoing savings."

Page 11, delete lines 39 to 44, and insert:

"Seventy percent of the amount used each year to fund grants to the government training service must be subtracted from the amount that would otherwise be payable to local government aid under Minnesota Statutes, chapter 477A."

Page 14, line 20, delete "74,396,000" and insert "63,984,000" and delete "74,952,000" and insert "64,394,000"

Page 14, line 22, delete "72,311,000" and insert "61,899,000" and delete "72,867,000" and insert "62,309,000"

Page 14, line 31, delete "37,332,000" and insert "31,242,000" and delete "37,767,000" and insert "31,677,000"

Page 14, delete lines 38 to 40

Page 14, line 42, delete "5,818,000" and insert "4,656,000" and delete "5,806,000" and insert "4,644,000"

Page 14, delete lines 43 to 45

Page 14, line 47, delete "25,293,000" and insert "22,133,000" and delete "25,411,000" and insert "22,105,000"

Page 14, line 49, delete "23,233,000" and insert "20,073,000" and delete "23,351,000" and insert "20,045,000"

Page 15, delete lines 4 to 7

Page 15, after line 10, insert:

"General 6,028,000 6,043,000"

Page 15, after line 29, insert:

"Subd. 7. Reporting

The commissioner shall report quarterly to the chairs of the senate finance and tax committees and house of representatives ways and means and tax committees and to the commissioner of finance on all funds expended and corresponding revenues received in the audit and collection divisions."

Page 18, delete lines 31 and 32, and insert "For any"

Page 18, line 33, before the comma insert "assigned base cuts in this act"

Page 64, line 5, after "activities" insert "and the collection division"

Page 64, lines 17 and 18, delete "up to $20,970,000 per biennium"

Page 64, line 20, after "activities" insert "in the audit division" and after the period insert "Compliance-related activities must include business tax audit and collection of past due tax obligations."

Page 64, line 23, after the period insert "The amount of the open appropriation under this subdivision may not exceed $2,400,000 in fiscal year 1994 and $2,859,000 in fiscal year 1995."

Page 65, lines 20 and 24, after "designated" insert "or"

Page 69, line 7, before "A" insert "This subdivision applies only to the 1993 state employee combined charitable organization fund drive."

Page 79, delete lines 41 to 49

Page 80, delete lines 1 to 4

Page 82, line 24, delete "$205,000" and insert "$190,000" in both places.

Page 82, after line 45, insert:

"$50,000 in fiscal year 1994 and $50,000 in fiscal year 1995 are for a grant to the North Metro Business Retention and Development Commission for the second and third stages of the multicommunity business retention and market expansion pilot project. This appropriation is available only upon demonstration of a dollar-for-dollar cash match from the commission. The commission shall share all results and written reports with the department of trade and economic development."

Page 84, delete lines 10 and 11 and insert "For any"

Page 84, line 12, before the comma insert "assigned base cuts in this act"

Amend the title as follows:

Page 1, line 8, delete everything after the semicolon

Page 1, line 9, delete everything before the semicolon and insert "transferring certain duties and functions"

Page 1, line 30, after "chapters" insert "3;"

Page 1, line 32, after the second semicolon insert "13.072;"

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 1073 was read for the second time.

MOTIONS AND RESOLUTIONS

Carruthers moved that the name of Bauerly be added as an author on H. F. No. 554. The motion prevailed.

Anderson, I., moved that the name of Long be stricken and the name of Evans be added as an author on H. F. No. 980. The motion prevailed.

Limmer moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Wednesday, April 21, 1993, when the vote was taken on the final passage of S. F. No. 1570, as amended." The motion prevailed.

Hasskamp moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Tuesday, April 20, 1993, when the vote was taken on the Abrams amendment to H. F. No. 1735, as amended." The motion prevailed.

ADJOURNMENT

Anderson, I., moved that when the House adjourns today it adjourn until 1:00 p.m., Friday, April 23, 1993. The motion prevailed.

Anderson, I., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Friday, April 23, 1993.

EDWARD A. BURDICK, Chief Clerk, House of Representatives