Senators Pappas and Larson introduced–

S.F. No. 2876: Referred to the Committee on Finance.

A bill for an act

relating to higher education; regulating the charging of resident tuition; proposing coding for new law in Minnesota Statutes, chapter 135A.

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

Section 1. **[135A.043] RESIDENT TUITION.**

(a) A student shall qualify for a resident tuition rate or its equivalent at state universities and colleges, including the University of Minnesota, if the student meets all of the following requirements:

(1) high school attendance within the state for three or more years;

(2) graduation from a state high school or attainment within the state of the equivalent of high school graduation; and

(3) registration as an entering student at, or current enrollment in, a public institution of higher education.

(b) This section is in addition to any other statute, rule, or higher education institution regulation or policy providing eligibility for a resident tuition rate or its equivalent to a student.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to tuition for school terms commencing on or after that date.

Senator .... moves to amend S.F. No. 2876 as follows:

Page 1, after line 16, insert:

"(c) To qualify for resident tuition under this section an individual who is not a citizen or permanent resident of the United States must provide the college or university with an affidavit that the individual will file an application to become a permanent resident at the earliest opportunity the individual is eligible to do so."

To: Senator Cohen, Chair

Committee on Finance

Senator Pappas,

Chair of the Higher Education Budget Division, to which was referred

S.F. No. 2876: A bill for an act relating to higher education; regulating the charging of resident tuition; proposing coding for new law in Minnesota Statutes, chapter 135A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 16, insert:

"<u>(c) To qualify for resident tuition under this section an individual who is not a citizen or permanent resident of the United States must provide the college or university with an affidavit that the individual will file an application to become a permanent resident at the earliest opportunity the individual is eligible to do so.</u>"

And when so amended that the bill be recommended to pass and be referred to the full committee.

(Division Chair)

March 23, 2006 ....
(Date of Division action)

Senator Cohen from the Committee on Finance, to which was referred

S.F. No. 2876: A bill for an act relating to higher education; regulating the charging of resident tuition; proposing coding for new law in Minnesota Statutes, chapter 135A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 16, insert:

"(c) To qualify for resident tuition under this section an individual who is not a citizen or permanent resident of the United States must provide the college or university with an affidavit that the individual will file an application to become a permanent resident at the earliest opportunity the individual is eligible to do so."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Paul Cl
(Committee Chair)

May 8, 2006 5-201
(Date of Committee recommendation)

Senate Counsel, Research, and Fiscal Analysis

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Jo Anne Zoff Sellner
Director

Senate

State of Minnesota

S.F. No. 3016 - Welfare Reform/Foreign Operating Corporation Tax Bill (1st Engrossment)

Author: Senator Linda Berglin

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: May 8, 2006

Article 1 - Welfare Reform Article

Section 1 (Minnesota Statutes 2005 Supplement, section 119B.09, subdivision 1) changes the eligibility for child care assistance, allowing households that have an income less than or equal to 200 percent of the federal poverty guidelines, instead of 175 percent, to be eligible for child care assistance.

Section 2 (proposed coding, section 119B.095) reinstates the child care co-payment schedule that was effective prior to the 2003 legislative session.

Section 3 (Minnesota Statutes 2004, section 119B.13, adding subdivision 8) provides a onetime two percent cost of living increase to child care provider rates.

Section 4 (Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 3) reinstates emergency services under the general assistance medical care (GAMC) program for undocumented noncitizens and nonimmigrants.

Section 5 (Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 4) eliminates GAMC co-payments

Section 6 (Minnesota Statutes 2005 Supplement, section 256J.21, subdivision 2) strikes a cross reference to a provision that is being repealed.

Section 7 (Minnesota Statutes 2004, section 256J.24, adding subdivision 5b) provides a onetime ten percent cost of living increase to the MFIP transitional standard.

Section 8 provides repealers.

Paragraph (a), Minnesota Statutes, section 256B.0631, subdivisions 2 and 4, repeals Medical Assistance co-payments; section 256J.37, subdivision 3a, repeals the MFIP housing penalty; and section 256L.04, subdivision 10, repeals MinnesotaCare ineligibility provisions for noncitizens..

Paragraph (b), Minnesota Statutes, section 256B.0631, subdivisions 1 and 3, repeal Medical Assistance co-payments; and section 256J.37, subdivision 3b, repeals the MFIP SSI penalty.

Paragraph (c) repeals the existing child care fee schedule.

Article 2 - Tax Article

Article 2 contains tax provisions related to foreign operating corporations.

JW:mvm

Consolidated Fiscal Note – 2005-06 Session

Bill #: S3016-1A **Complete Date:** 04/09/06

Chief Author: BERGLIN, LINDA

Title: WELFARE REFORM & TAX ARTICLES

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue	X	

Agencies: Human Services Dept (04/09/06) Revenue Dept (03/24/06)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Net Expenditures					
General Fund		0	46,078	60,940	68,764
Human Services Dept		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
Human Services Dept		0	0	0	503
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		0	46,078	60,940	68,764
Human Services Dept		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
Human Services Dept		0	0	0	503
Total Cost <Savings> to the State		0	46,078	60,940	69,267

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 04/09/06 Phone: 296-6661

Fiscal Note – 2005-06 Session

Bill #: S3016-1A **Complete Date:** 04/09/06

Chief Author: BERGLIN, LINDA

Title: WELFARE REFORM & TAX ARTICLES

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
Total Cost <Savings> to the State		0	46,078	60,940	69,267

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Narrative: SF 3016-1A

Bill Description

This bill would make changes in program eligibility, copayments and provider rates in the Child Care Assistance programs. It would increase the program entry level for transition year and basic sliding fee (BSF) child care assistance programs from 175% of the Federal Poverty Guideline (FPG) to 200% of the FPG, would reduce the copayment fees for families with incomes that exceed the federal poverty guidelines (FPG) and would increase provider rates by a one-time 2% cost of living adjustment.

The bill restores emergency General Assistance Medical Care (GAMC) eligibility for undocumented immigrants and nonimmigrants and ongoing GAMC for undocumented immigrants and nonimmigrant children under age 18, aged, blind and disabled individuals and Cuban and Haitian entrants and eliminates MA and GAMC Copayments. The bill also eliminates the MiinnesotaCare citizenship and immigration status requirements.

Finally, the bill provides for a one-time 10% cost of living adjustment to the Minnesota Family Investment Program (MFIP) and the Diversionary Work Program (DWP) transitional standard. Due to the need for initial Federal approval the Department would implement the cost of living rate increase as on ongoing annual increase effective August 1, 2006 and July 1 each year thereafter.

Assumptions

See Attached

Expenditure and/or Revenue Formula

See attached

	2006	2007 (thousands)	2008	2009
Section 1 Child Care Assistance Entry Level to 200%	$0	$3,306	$6,750	$6,855
Section 2 Child Care Assistance Co-pay Changes	$0	$3,093	$4,134	$4,171
Section 3 Child Care Assistance Provider 2% COLA (one-time)	$0	$3,525	$4,158	$3,929
Section 4 GAMC Eligibility Changes - HCAF	$0	$0	$0	$503
Section 4 GAMC Eligibility Changes – GF	$0	$0	$0	$6,250
Section 5 GAMC Co-pays Eliminated	$0	$7,516	$15,120	$16,777
Section 6 MFIP COLA (one time)	$0	$17,182	$18,802	$18,813
Section 8 Repealer MFIP $50 Housing and SSI Income	$0	$10,944	$11,965	$11,969
Systems – One Month HealthMatch delay (state share, co-pays)	$0	$465	$8	$0
MMIS Costs	$0	$6	$3	$0
MAXIS Costs (MFIP Changes)	$0	$41	$0	$0
TOTAL	$0	$46,078	$60,940	$69,267

Long-term Fiscal Considerations

Local Government Costs

References/Sources

Susan Snyder
Reports & Forecasts Division
MN Dept of Human Services
651.431.2947

George Hoffman
Reports & Forecasts Division
MN Dept. of Human Services
651.431.2940

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  Minnesota
MFIP and CCAP
Fiscal Analysis of SF3016 Amended
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Section 1: 200% FPG Entry

TY Entry From 175-200% FPG
This section establishes income eligibility for transition year child care for families up to 200% FPG. The effect of this change is to add eligibility for families who exit MFIP with income above the current TY entry level of 175% FPG and below 200% FPG.

Based on department data, it is estimated that about 2% of MFIP exits in a given month result from income between 175-200% FPG. It is further estimated that about one-fifth of these exits had no prior subsidized child care usage. Without prior use of MFIP child care, these cases would need to satisfy an initial income test and would be denied TY eligibility under current law. Finally, we assume about 30% of these former MFIP cases would apply for subsidized child care, and that each case would use an average of nine months of TY child care if eligible.

Since these additional families have average incomes higher than the overall TY caseload, they will pay higher average copays. Thus, the average monthly CCAP payment for these cases will be lower than the overall projections under current law. Based on department caseload data and the proposed copay schedule, the average CCAP payment for these additional cases is projected to be about $75 per month less than the overall TY caseload average.

This section assumes the proposed maximum rate schedule and copay schedule in sections 2 and 3.

The effective date is July 1, 2006. A twelve-month phase-in is assumed due to initial eligibility determination, and billing lags.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly MFIP exits	2,820	2,820	2,820	2,820
Estimated pct 175%-200% FPG	2%	2%	2%	2%
Avg monthly MFIP exits between 175-200% FPG	62	62	62	62
Percent with no prior child care	20%	20%	20%	20%
Avg monthly MFIP exits 175-200% FPG with no prior child care	12	12	12	12
Pct applying for TY child care	30%	30%	30%	30%
Avg mthly MFIP exits currently denied TY child care	4	4	4	4
Avg no. TY months per case	9	9	9	9
Avg monthly TY child care pmt (with copay adjustments)	$809	$787	$799	$808
Phase-in effect	0%	50%	100%	100%
TY direct service cost	$0	$159,320	$323,727	$327,169
Administrative allowance	$0	$7,966	$16,186	$16,358
Total TY cost	$0	$167,286	$339,913	$343,528

BSF Entry From 175-200% FPG
This section also eliminates the requirement that families have income less than 175% FPG to become eligible for the Basic Sliding Fee (BSF) program. Under current law, families must be below 175% FPG to enter the BSF program. However, once eligible, they can remain in the program until the family reaches 250% FPG. This policy change would allow additional families to become eligible for the BSF program with application incomes between 175-200% FPG.

During FY2003, the BSF program operated under an entry and exit income threshhold of 300% FPG. This fiscal analysis assumes a similar income distribution to the FY2003 historical experience for families with incomes between 175-200% FPG. The fiscal analysis also recognizes that families who satisfy initial income eligibility can then remain BSF eligible until they reach 250% FPG. Thus, there is also a projected increase in BSF families with incomes between 200-250% FPG under this proposal.

Based on sample data used in federal reporting, it is estimated that about 12% of the current average monthly BSF caseload has income between 175-200% FPG. It is further estimated that about 17% of the FY2003 average monthly BSF caseload had income between 175-200% FPG. This difference can be interpreted as the additional expected caseload with incomes between 175-200% FPG if the 175% FPG income requirement were changed to 200% FPG for initial eligibility determination. Based on the projected average monthly BSF caseload in FY2007, this translates into an additional 535 average monthly BSF cases with incomes between 175-200% FPG. Further, these families with application incomes between 175-200% FPG are BSF eligible until their income reaches 250% FPG. It is estimated that this results in an additional 178 average monthly families in BSF with incomes between 200-250% FPG.

Since these additional BSF families have average incomes higher than the overall BSF caseload, they will pay higher average copays. Thus, the average monthly CCAP payment for these cases will be lower than the overall projections under current law. Based on department BSF caseload data and the proposed copay schedule, the average CCAP payment for these additional cases is projected to be about $73 per month less than the overall BSF caseload average.

BSF is a capped appropriation that is allocated to counties. If BSF funding is not adjusted to reflect the costs in this fiscal note or the actual demand for BSF eligibility among families with application incomes between 175-200% FPG exceeds these projections, it will result in a larger waiting list.

This section assumes the proposed maximum rate schedule and copay schedule in sections 2 and 3.

The effective date is July 1, 2006. A twelve-month phase-in is assumed due to county allocation adjustments, initial eligibility determination, and billing lags.

	FY2006	FY2007	FY2008	FY2009
Additional avg mo. BSF cases	713	713	713	713
Average monthly BSF payment (with copay adjustments)	$713	$698	$713	$725
Phase-in effect	0%	50%	100%	100%
BSF direct service cost	$0	$2,988,781	$6,104,463	$6,201,542
Administrative allowance	$0	$149,439	$305,223	$310,077
Total BSF Cost	$0	$3,138,220	$6,409,686	$6,511,619
Total Cost of Section 1	$0	$3,305,506	$6,749,599	$6,855,147

Section 2: Copayment Change

This section repeals the current law CCAP copayment schedule and replaces it with a new schedule. The current law schedule charges no copay for families with income under 75% FPG, charges a copay of $5/month for families with incomes between 75% and 100% FPG, and charges a sliding scale copay amount starting at 3.23% of income for families between 100%-125%FPG and ending with 18% income for families between 245%-250% FPG. The new copay schedule would charge no copay for families with incomes under 100% FPG and specifies a sliding scale copay amount starting at 2.20% of income for families with 35% of State Median Income (SMI) and ending with 20% of income for families between 74.5 and 75% SMI.

Based on department data and the published copayment tables for FY2006, it is estimated that the average monthly MFIP/TY copay would decrease by about $9/month (from $30/month to $21/month) under the new schedule, and the average monthly BSF copay would decrease by about $30/month (from $98/month to $68/month).

This section assumes the proposed maximum rate schedule in section 3.

The effective date is July 1, 2006. This copay change will impact individual CCAP cases as their income is redetermined, leading to a 6-month phase-in.

MFIP/TY Child Care	FY2006	FY2007	FY2008	FY2009
Avg mo. MFIP/TY cases (fcst)	8,568	8,846	8,786	8,791
Additional MFIP/TY cases (from max rate change)	0	64	39	19
Avg monthly MFIP/TY cases	8,568	8,910	8,825	8,810
Avg mo. copay reduction	$9	$9	$9	$9
Phase-in	0%	75%	100%	100%
MFIP/TY direct service cost	$0	$728,207	$961,679	$960,140
County administrative allowance	$0	$36,410	$48,084	$48,007
Total MFIP/TY cost	$0	$764,617	$1,009,763	$1,008,147

BSF Child Care	FY2006	FY2007	FY2008	FY2009
Avg monthly BSF cases	8,394	8,254	8,304	8,408
Avg mo. copay reduction	$30	$30	$30	$30
Phase-in	0%	75%	100%	100%

BSF direct service cost	$0	$2,217,815	$2,975,153	$3,012,350
County administrative allowance	$0	$110,891	$148,758	$150,617
Total BSF cost	$0	$2,328,706	$3,123,910	$3,162,967
Total Cost of Section 2	$0	$3,093,323	$4,133,673	$4,171,114

Section 3: Reimbursement Rates Adjustment

Maximum reimbursement rates for child care providers were frozen July 1, 2003 at the levels that were set in 2002. Some maximum rates in rural counties were increased July 1, 2005, and on Jan 1, 2006, most maximum rates were increased to the lesser of the 75th percentile of the most recent market rates survey (2005) or the frozen rates inflated by 1.75%.

This section provides a one-time 2% cost of living increase to maximum reimbursement rates for child care providers.

The fiscal impact of this policy change results from a) an expected MFIP child care caseload increase; b) an average payment increase that affects the MFIP, TY,and BSF programs; and c) a small adjustment in the cost of accelerated payments due to the implementation of the MEC2 system. Phase-in of rates is built into the estimated payment and caseload increases.

The relationship between average CCAP caseload and published maximum reimbursement rates is used to estimate the effect of increased reimbursement rates on MFIP child care caseload. Based on historical experience, and assuming phase-in of new cases, it is estimated that 64 additional average monthly MFIP child care cases will result in FY07 because of the increased reimbursement rates.

The relationship between historical average CCAP payments and published maximum reimbursement tables is used to estimate the effect of the maximum rate increase on payments. These effects are also adjusted for expected phase-in of implementation. In FY07 avg.monthly payments are expected to increase between $11 and $15 per case.

BSF is a capped appropriation that is allocated to counties.This fiscal analysis uses a "base forecast" which assumes a caseload in the BSF program based on the number of cases that are expected to be served given the average payments projected in the February 2006 forecast.

The effective date for this section is July 1, 2006.

MFIP Caseload Effect	FY2006	FY2007	FY2008	FY2009
Average monthly MFIP child care caseload increase	0	64	39	19
Average monthly MFIP payment	$971	$1,010	$1,030	$1,045
Months	0	12	12	12
Direct service cost	$0	$771,644	$481,616	$243,522
Administrative allowance	$0	$38,582	$24,081	$12,176
MFIP cost due to caseload increase	$0	$810,226	$505,697	$255,698

MFIP Average Payment Effect	FY2006	FY2007	FY2008	FY2009
Avg mo. MFIP CCAP caseload	5,765	6,032	5,997	6,010
Avg mo. MFIP payment increase	$0	$15	$20	$20
Number of months	0	12	12	12
Total direct service cost	$0	$1,054,556	$1,427,392	$1,452,051
Administrative allowance	$0	$52,728	$71,370	$72,603
MFIP cost due to avg payment	$0	$1,107,284	$1,498,762	$1,524,654

TY Average Payment Effect	FY2006	FY2007	FY2008	FY2009
Avg mo. TY caseload	2,802	2,814	2,789	2,781
Avg mo. TY payment increase	$0	$12	$16	$17
Months	0	12	12	12
Direct service cost	$0	$410,024	$550,651	$554,610
Administrative allowance	$0	$20,501	$27,533	$27,730
TY cost due to average payment	$0	$430,525	$578,184	$582,340

BSF Average Grant Effect	FY2006	FY2007	FY2008	FY2009

Avg mo. BSF caseload	8,394	8,254	8,304	8,408
Avg mo. BSF payment increase	$0	$11	$15	$15
Months	0	12	12	12
Direct service cost	$0	$1,059,549	$1,451,428	$1,491,619
Administrative allowance	$0	$52,977	$72,571	$74,581
BSF total cost due to avg pmt	$0	$1,112,527	$1,524,000	$1,566,200

Increased Billing During System Transition	FY2006	FY2007	FY2008	FY2009
MFIP/TY direct service cost due to system transition	$0	$41,929	$30,746	$0
Administrative allowance	$0	$2,096	$1,537	$0
MFIP/TY cost	$0	$44,026	$32,283	$0
BSF direct service cost due to system transition	$0	$19,867	$18,143	$0
Administrative allowance	$0	$993	$907	$0
BSF cost	$0	$20,860	$19,050	$0

	FY2006	FY2007	FY2008	FY2009
Total MFIP/TY Cost	$0	$2,392,060	$2,614,926	$2,362,692
Total BSF Cost	$0	$1,133,387	$1,543,050	$1,566,200
Total Cost of Section 3	$0	$3,525,447	$4,157,976	$3,928,891

Minnesota
General Assistance Medical Care
Fiscal Analysis of a Proposal to
Restore Coverage of Certain Undocumented Individuals
Senate File 3016, Section 4
Effective January 2009

This section restores regular GAMC coverage of undocumented children, elderly, and disabled individuals, and certain Cuban and Haitian entrants. It also restores emergency GAMC coverage of other undocumented individuals. We believe, however, that the requirement to have a Social Security number in the current law (256D.03h for GAMC; 256L.04, subd. 1a for MinnesotaCare) will continue to bar most undocumented individuals from regular GAMC and MinnesotaCare eligibility. A Social Security number is not required for emergency GAMC, so the full effect of that change is included in these estimates.

We estimate the enrollment effects of this change starting from the effects of the relevant eligibility cuts effective July 2003, which are estimated to have reduced GAMC enrollment at that time by 3025 regular enrollees and 275 emergency GAMC enrollees. We trend both enrollment numbers forward using the actual and forecasted enrollment for women covered under Minnesota's SCHIP prenatal coverage, most of whose enrollees are undocumented. Then we assume that 90% of undocumented individuals will be excluded from eligibility because they generally are unable to obtain Social Security numbers.

We use the the projected average monthly cost for GAMC-only enrollees for the regular GAMC projection. For the emergency GAMC projection, we use the average monthly cost per enrollee from January to June 2003, trended forward at 5% per year.

Regular GAMC	July 2003	FY 2006	FY 2007	FY 2008	FY 2009
SCHIP Prenatal Avg. monthly enrollees	1,961	2,565	2,722	2,900	3,077
GAMC Undocumented Children, Eld., Disabled Potential avg. mo. enrollees	3,025	3,956	4,199	4,473	4,747
Proportion with Soc. Sec. number		10.00%	10.00%	10.00%	10.00%
Projected avg. mo. enrollees					475
Avg. monthly cost		595.69	669.18	709.34	718.58
Average months / year					5.0
Total GAMC cost (gross)		$0	$0	$0	$1,705,374
Proportion shifted to MinnesotaCare					30.00%

Offset to GAMC from shift to MinnesotaCare:

	FY 2006	FY 2007	FY 2008	FY 2009
GAMC avg. enrollment		0	0	-142
GAMC payments		$0	$0	-$511,612
Net Regular GAMC Cost				
GAMC avg. enrollment		4,199	4,473	4,604
GAMC payments		$0	$0	$1,193,762
MinnesotaCare				
Avg. enrollment		0	0	142
Payments		$0	$0	$511,612
Premium revenue		$0	$0	$8,544
Net state cost		$0	$0	$503,068

Emergency GAMC	July 2003	FY 2006	FY 2007	FY 2008	FY 2009
Avg. monthly enrollees	275	360	382	407	432
Avg. monthly cost	$1,792	$2,024	$2,126	$2,232	$2,344
Average months			0.0	0.0	5.0
Total GAMC cost			$0	$0	$5,056,279

Grand total GAMC cost	$0	$0	$0	$6,250,041
Net state MinnesotaCare cost	$0	$0	$0	$503,068

Section 5

Medical Assistance and General Assistance Mediscal Care
A Fiscal Analysis of a Proposal to
Eliminate All MA and GAMC copayments

Based on actuarial estimates, current managed care rates include a reduction for copayments.

For MA and GAMC that reduction is 1.345% and 4.403%. Of the GAMC adjustment .995% is for the GAMC restorative dental copayment.

Based on actual offsets from January 2004 to June 2004, it is estimated that eliminating copayments in MA and GAMC would increase the FFS forecast for MA Families and Children by 0.24%, MA Elderly and Disabled by 0.52% and GAMC by 1.02%

Costs in MA Elderly and Disabled are adjusted to account for the impact of Medicare Part D.

Assumes a September 2006 implementation date; January 2007 for HMO.

	HMO	FFS
MA Fam	1.345%	0.19%
MA E&D	0.027%	0.36%
GAMC HMO	4.403%	0.75%

	FY 2006	FY 2007	FY 2008	FY 2009
February 2006 Forecast (in 000s)				
HMO				
MA elderly and disabled	$368,576	$348,195	$391,196	$435,272
MA families and children	$847,398	$897,490	$1,010,723	$1,167,748
GAMC	$199,939	$180,820	$127,337	$137,050
FFS				
MA Elderly and Disabled	$891,131	$837,342	$920,495	$997,942
MA families and children	$311,191	$353,321	$426,577	$460,466
GAMC	$91,022	$87,836	$80,866	$80,262
Impact of elimination of copayments (in 000s)				
MA Elderly and Disabled HMO	$0	$39	$105	$117
MA Elderly and Disabled FFS	$0	$2,010	$3,314	$3,593
Total	$0	$2,049	$3,419	$3,710
Federal Share	$0	$1,024	$1,710	$1,855
State Share	$0	$1,024	$1,710	$1,855
MA Families and Children HMO	$0	$5,030	$13,594	$15,706
MA Families and Children FFS	$0	$444	$803	$867
Total	$0	$5,473	$14,398	$16,573
Federal Share	$0	$2,737	$7,199	$8,287

State Share	$0	$2,737	$7,199	$8,287
GAMC HMO	$0	$3,317	$5,607	$6,034
GAMC FFS	$0	$438	$605	$601
GAMC Total	$0	$3,755	$6,212	$6,635
Total GF	$0	$7,516	$15,120	$16,777

Section 7: MFIP Transitional Standard COLA

This section increases the MFIP transitional standard with a one-time 10% increase to the cash portion of the transitional standard. It is assumed that the Family Wage Level (FWL) will remain at 110% of the new transitional standard, and that the Earned Income Disregard (currently at 37%) will be adjusted to maintain the MFIP exit level at 115% of FPG.

This change will increase MFIP cash grants through the higher transitional standard (for families without earnings) or the family wage level (for families with earnings). DWP cash grants may be increased because the grant is capped at the MFIP transitional standard. Both MFIP and DWP grants can also be affected through the change in the earned income disregard. In addition, new MFIP & DWP cases are subject to an initial income eligibility test which is based on the transitional standard; cases that are currently ineligible may become eligible with the higher transitional standards.

In FY07, the COLA will increase the transitional standard for a family of size 3 from its current level of $884 to $938, and the corresponding FWL from $972 to $1,032. To maintain the MFIP exit level at 115% of FPG, at 2006 FPG levels, the earned income disregard would decrease from 37% to 35%.

Using DHS data, it is estimated that MFIP average grants will increase by $43 per month, and DWP average grants will increase by $19 per month.

It is also estimated that there will be a small number of new cases that are not eligible under the current law because they fail the initial income eligibility test, but would be eligible under the higher transitional standard. These are cases with earned income and from DHS data are estimated to have average grants of $130 per month.

The effective date for this section is July 1, 2006. Due to the requirement that DHS receive prior approval from the US Department of Agriculture, this section is projected to be implemented August 1, 2006.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly MFIP cases	34,507	34,882	34,966	34,992
Average grant increase	$0	$43	$43	$43
Number of months	0	11	12	12
MFIP Cost of Increased Grants	$0	$16,391,533	$17,924,336	$17,937,840
Average monthly DWP cases	3,661	3,651	3,651	3,640
Average grant increase	$0	$19	$19	$19
Number of months	0	11	12	12
DWP Cost of Increased Grants	$0	$746,842	$814,532	$812,088
Avg monthly MFIP/DWP cases	38,168	38,534	38,616	38,631
Percent previously ineligible	0	0.11%	0.11%	0.11%
Avg monthly additional MFIP/DWP cases	0	40	41	41
Average grant	$130	$130	$130	$130
Phase-in	0	75%	100%	100%
Cost of Additional Cases	$0	$43,394	$63,253	$63,278
Total Cost of Section 7	$0	$17,181,769	$18,802,121	$18,813,206

Section 8: Repeal of SSI/Housing Budgeting

This section repeals the requirement to budget up to $50 as unearned income for certain MFIP cases who receive subsidized housing. Excluded from this current law budgeting requirement are: 1) cases which include a person who is: a) age 60 or older, b) ill or incapacitated, c) required in the home because another member of the household is disabled; or 2) cases that contain a parental caregiver who receives supplemental security income (SSI). This section will have the effect of increasing cash grant amounts for non-excluded cases by up to $50 for each affected household.

Based on MAXIS data, it is projected that roughly 14% of MFIP cases are impacted by the subsidized housing budgeting requirement in a given month. It is further estimated that on average about $44 per case is budgeted off the cash portion of the MFIP grant for affected cases.

Note, also, that the average grant effect in this fiscal analysis assumes the simultaneous repeal of the SSI budgeting. This includes additional costs (of about $12K per year) due to the fact that a handful of families budgeting both subsidized housing and SSI have excess SSI in the budget (i.e. some of the SSI in the budget is not actually counted since the cash grant has already been reduced to zero). If only the subsidized housing budget is repealed, such cases wouldn't receive the full $50 increase since at least some of the excess SSI would then be counted instead of the subsidized housing.

The effective date for this section is July 1, 2006. Due to the requirement that DHS receive prior approval from the US Department of Agriculture, this section is projected to be implemented August 1, 2006.

This section assumes the proposed MFIP COLA of section 7.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly MFIP cases	38,168	38,534	38,616	38,631
Pct of MFIP cases with budgeted subsidized housing deduction	14%	14%	14%	14%
Average monthly MFIP cases with subs. housing deduction	5,192	5,242	5,253	5,255
Avg monthly budgeted amount	$44	$44	$44	$44
Months	0	11	12	12
Cost for Repeal of Subsidized Housing Budget	$0	$2,539,001	$2,775,736	$2,776,842

This section would also repeal the requirement to budget up to $125 per case as unearned income for certain MFIP cases that include at least one SSI recipient in the household. Affected MFIP cases are those in which the SSI recipient is a mandatory assistance unit member and is MFIP ineligible solely due to SSI recipient status. Excluded from this current law budgeting requirement are MFIP cases in which a relative caregiver (including a grandparent) could elect to be included in the MFIP assistance unit, unless the caregiver's children or stepchildren are also included in the unit. This proposal will have the effect of increasing cash grants for non-excluded cases by up to $125/month.

Based on MAXIS data, it is projected that roughly 18% of MFIP cases are impacted by the SSI budgeting requirement. It is further estimated that on average $111 per case is budgeted off the cash portion of the MFIP grant.

The effective date for this section is July 1, 2006. Due to the requirement that DHS receive prior approval from the US Department of Agriculture, this section is projected to be implemented August 1, 2006.

This section assumes the proposed MFIP COLA of section 7.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly MFIP cases	38,168	38,534	38,616	38,631
Estimated percent of MFIP cases with SSI deduction	18%	18%	18%	18%
Estimated avg mo. MFIP cases with SSI deduction	6,806	6,871	6,886	6,889
Avg monthly budgeted amount	$111	$111	$111	$111
Months	0	11	12	12
Cost for Repeal of SSI Budget	$0	$8,405,264	$9,188,965	$9,192,627
Total Cost of Section 8	$0	$10,944,265	$11,964,701	$11,969,468

Agency Contact Name: Jenny Ehrnst 431-3831
FN Coord Signature: STEVE BARTA
Date: 04/07/06 Phone: 431-2916

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 04/09/06 Phone: 296-6661

Fiscal Note – 2005-06 Session

Bill #: S3016-1A **Complete Date:** 03/24/06

Chief Author: BERGLIN, LINDA

Title: WELFARE REFORM & TAX ARTICLES

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue	X	

Agency Name: Revenue Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description – The proposed bill significantly changes the qualifications for Foreign Operating Corporations (FOC's). The tax provisions in Article 2 of SF 3016-1A would result in a revenue increase to the state's general fund.

There will be a positive revenue impact to the state's general fund if the proposed bill passes. However, the revenue impact is not included in this fiscal note at this time.

There will not be a fiscal impact to the Department of Revenue if the proposed bill passes.

Revenue Analysis Assumptions

Fiscal Impact Assumptions

Revenue Analysis Formula

Fiscal Impact Formula

Long-Term Fiscal Considerations
None

Local Government Costs
None

References/Sources

FN Coord Signature: JOHN POWERS
Date: 03/23/06 Phone: 556-4054

EBO Comments

A revenue analysis was not included with this fiscal note at this time.

EBO Signature: ALEXANDRA BROAT
Date: 03/24/06 Phone: 296-1700

A bill for an act

relating to human services; making changes to child care provider rates and parent fees; eliminating certain health care co-pays; increasing the MFIP transitional standard; reinstating health care benefits for certain noncitizens; repealing MFIP housing and SSI penalties; modifying foreign operating corporation tax provision; appropriating money from the tax relief account; amending Minnesota Statutes 2004, sections 119B.13, by adding a subdivision; 256J.24, by adding a subdivision; 290.34, subdivision 1; Minnesota Statutes 2005 Supplement, sections 119B.09, subdivision 1; 256D.03, subdivisions 3, 4; 256J.21, subdivision 2; 289A.38, subdivision 6; 290.01, subdivisions 6b, 19c, 19d; proposing coding for new law in Minnesota Statutes, chapter 119B; repealing Minnesota Statutes 2004, sections 256B.0631, subdivisions 2, 4; 256J.37, subdivision 3a; Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1, 3; 256J.37, subdivision 3b; Laws 2005, First Special Session chapter 4, article 3, section 19.

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

ARTICLE 1
WELFARE REFORM ARTICLE

Section 1. Minnesota Statutes 2005 Supplement, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. **General eligibility requirements for all applicants for child care assistance.** (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) have household income less than or equal to 250 percent of the federal poverty guidelines, adjusted for family size, and meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J or 256K; or

(2) have household income less than or equal to ~~175~~ 200 percent of the federal poverty guidelines, adjusted for family size, at program entry and less than 250 percent of the federal poverty guidelines, adjusted for family size, at program exit.

(b) Child care services must be made available as in-kind services.

(c) All applicants for child care assistance and families currently receiving child care assistance must be assisted and required to cooperate in establishment of paternity and enforcement of child support obligations for all children in the family as a condition of program eligibility. For purposes of this section, a family is considered to meet the requirement for cooperation when the family complies with the requirements of section 256.741.

Sec. 2. **[119B.095] CO-PAYMENT FEE FOR FAMILIES WITH ANNUAL INCOMES THAT EXCEED THE FEDERAL POVERTY LEVEL.**

(a) The monthly family co-payment fee for families with annual incomes greater than the federal poverty level, adjusted for family size, is determined in paragraphs (b) and (c):

(b) The family's annual gross income is converted into a percentage of state median income (SMI) for a family of four, adjusted for family size, by dividing the family's annual gross income by 100 percent of the SMI for a family of four, adjusted for family size. The percentage must be carried out to the nearest 100th of a percent.

(c) If the family's annual gross income is less than or equal to 75 percent of the SMI for a family of four, adjusted for family size, the family's monthly co-payment fee is the fixed percentage established for the family's income range in clauses (1) to (60), multiplied by the highest possible income within that income range, divided by 12, and rounded to the nearest whole dollar.

	Percent of SMI	Percent
(1)	less than 35.01	2.20
(2)	35.01 to 42.00	2.70
(3)	42.01 to 43.00	3.75
(4)	43.01 to 44.00	4.00
(5)	44.01 to 45.00	4.25
(6)	45.01 to 46.00	4.50
(7)	46.01 to 47.00	4.75
(8)	47.01 to 48.00	5.00
(9)	48.01 to 49.00	5.25

(10)	49.01 to 50.00	5.50
(11)	50.01 to 50.50	5.75
(12)	50.51 to 51.00	6.00
(13)	51.01 to 51.50	6.25
(14)	51.51 to 52.00	6.50
(15)	52.01 to 52.50	6.75
(16)	52.51 to 53.00	7.00
(17)	53.01 to 53.50	7.25
(18)	53.51 to 54.00	7.50
(19)	54.01 to 54.50	7.75
(20)	54.51 to 55.00	8.00
(21)	55.01 to 55.50	8.30
(22)	55.51 to 56.00	8.60
(23)	56.01 to 56.50	8.90
(24)	56.51 to 57.00	9.20
(25)	57.01 to 57.50	9.50
(26)	57.51 to 58.00	9.80
(27)	58.01 to 58.50	10.10
(28)	58.51 to 59.00	10.40
(29)	59.01 to 59.50	10.70
(30)	59.51 to 60.00	11.00
(31)	60.01 to 60.50	11.30
(32)	60.51 to 61.00	11.60
(33)	61.01 to 61.50	11.90
(34)	61.51 to 62.00	12.20
(35)	62.01 to 62.50	12.50
(36)	62.51 to 63.00	12.80
(37)	63.01 to 63.50	13.10
(38)	63.51 to 64.00	13.40

(39)	64.01 to 64.50	13.70
(40)	64.51 to 65.00	14.00
(41)	65.01 to 65.50	14.30
(42)	65.51 to 66.00	14.60
(43)	66.01 to 66.50	14.90
(44)	66.51 to 67.00	15.20
(45)	67.01 to 67.50	15.50
(46)	67.51 to 68.00	15.80
(47)	68.01 to 68.50	16.10
(48)	68.51 to 69.00	16.40
(49)	69.01 to 69.50	16.70
(50)	69.51 to 70.00	17.00
(51)	70.01 to 70.50	17.30
(52)	70.51 to 71.00	17.60
(53)	71.01 to 71.50	17.90
(54)	71.51 to 72.00	18.20
(55)	72.01 to 72.50	18.50
(56)	72.51 to 73.00	18.80
(57)	73.01 to 73.50	19.10
(58)	73.51 to 74.00	19.40
(59)	74.01 to 74.50	19.70
(60)	74.51 to 75.00	20.00

Sec. 3. Minnesota Statutes 2004, section 119B.13, is amended by adding a subdivision to read:

Subd. 8. **Cost of living increase.** In addition to the provider rates specified under this section, the commissioner shall provide a onetime two percent cost of living rate increase to providers.

Sec. 4. Minnesota Statutes 2005 Supplement, 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 spenddown of excess income according to section 256B.056, subdivision 5, or MinnesotaCare as defined in paragraph (b), except as provided in paragraph (c), and:

(1) who is receiving assistance under section 256D.05, except for families with children who are eligible under Minnesota family investment program (MFIP), or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

(2) who is a resident of Minnesota; and

(i) who has gross countable income not in excess of 75 percent of the federal poverty guidelines for the family size, using a six-month budget period and whose equity in assets is not in excess of $1,000 per assistance unit. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in section 256B.056, subdivision 3, 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;

(ii) who has gross countable income above 75 percent of the federal poverty guidelines but not in excess of 175 percent of the federal poverty guidelines for the family size, using a six-month budget period, whose equity in assets is not in excess of the limits in section 256B.056, subdivision 3c, and who applies during an inpatient hospitalization; or

(iii) the commissioner shall adjust the income standards under this section each July 1 by the annual update of the federal poverty guidelines following publication by the United States Department of Health and Human Services.

(b) Effective for applications and renewals processed on or after September 1, 2006, general assistance medical care may not be paid for applicants or recipients who are adults with dependent children under 21 whose gross family income is equal to or less than 275 percent of the federal poverty guidelines who are not described in paragraph (e).

(c) Effective for applications and renewals processed on or after September 1, 2006, general assistance medical care may be paid for applicants and recipients who meet all eligibility requirements of paragraph (a), clause (2), item (i), for a temporary period beginning the date of application. Immediately following approval of general assistance medical care, enrollees shall be enrolled in MinnesotaCare under section 256L.04, subdivision 7, with covered services as provided in section 256L.03 for the rest of the six-month eligibility period, until their six-month renewal.

(d) To be eligible for general assistance medical care following enrollment in MinnesotaCare as required by paragraph (c), an individual must complete a new application.

(e) Applicants and recipients eligible under paragraph (a), clause (1), or who have applied for and are awaiting a determination of blindness or disability by the state medical review team or a determination of eligibility for Supplemental Security Income or Social Security Disability Insurance by the Social Security Administration, or who fail to meet the requirements of section 256L.09, subdivision 2, are exempt from the MinnesotaCare enrollment requirements of this subdivision.

(f) For applications received on or after October 1, 2003, eligibility may begin no earlier than the date of application. For individuals eligible under paragraph (a), clause (2), item (i), a redetermination of eligibility must occur every 12 months. Individuals are eligible under paragraph (a), clause (2), item (ii), only during inpatient hospitalization but may reapply if there is a subsequent period of inpatient hospitalization.

(g) Beginning September 1, 2006, Minnesota health care program applications and renewals completed by recipients and applicants who are persons described in paragraph (c) and submitted to the county agency shall be determined for MinnesotaCare eligibility by the county agency. If all other eligibility requirements of this subdivision are met, eligibility for general assistance medical care shall be available in any month during which MinnesotaCare enrollment is pending. Upon notification of eligibility for MinnesotaCare, notice of termination for eligibility for general assistance medical care shall be sent to an applicant or recipient. If all other eligibility requirements of this subdivision are met, eligibility for general assistance medical care shall be available until enrollment in MinnesotaCare subject to the provisions of paragraphs (c), (e), and (f).

(h) The date of an initial Minnesota health care program application necessary to begin a determination of eligibility shall be the date the applicant has provided a name, address, and Social Security number, signed and dated, to the county agency or the Department of Human Services. If the applicant is unable to provide a name, address, Social Security number, and signature when health care is delivered due to a medical condition or disability, a health care provider may act on an applicant's behalf to establish the date of an initial Minnesota health care program application by providing the county agency or Department of Human Services with provider identification and a temporary unique identifier for the applicant. The applicant must complete the remainder of the application and provide necessary verification before eligibility can be determined. The county agency must assist the applicant in obtaining verification if necessary.

(i) County agencies are authorized to use all automated databases containing information regarding recipients' or applicants' income in order to determine eligibility for general assistance medical care or MinnesotaCare. Such use shall be considered sufficient in order to determine eligibility and premium payments by the county agency.

(j) 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.

(k) 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.

(l) In determining the amount of assets of an individual eligible under paragraph (a), clause (2), item (i), 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 60 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.

(m) When determining eligibility for any state benefits under this subdivision, the income and resources of all noncitizens shall be deemed to include their sponsor's income and resources as defined in the Personal Responsibility and Work Opportunity

Reconciliation Act of 1996, title IV, Public Law 104-193, sections 421 and 422, and subsequently set out in federal rules.

(n) (1) An undocumented ~~noncitizens and nonimmigrants are~~ noncitizen or a nonimmigrant is ineligible for general assistance medical care other than emergency services. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(2) This paragraph does not apply to a child under age 18; to a Cuban or Haitian entrant as defined in Public Law 96-422, section 501(e)(1) or (2)(a); or to a noncitizen who is aged, blind, or disabled as defined in Code of Federal Regulations, title 42, sections 435.520, 435.530, 435.531, 435.540, and 435.541, who cooperates with United States Citizenship and Immigration Services to pursue any applicable immigration status, including citizenship, that would qualify the individual for medical assistance with federal financial participation.

(3) For purposes of this paragraph, "emergency services" has the meaning given in Code of Federal Regulations, title 42, section 440.255(b)(1), except that it also means services rendered because of suspected or actual pesticide poisoning.

(o) Notwithstanding any other provision of law, a noncitizen who is ineligible for medical assistance due to the deeming of a sponsor's income and resources, is ineligible for general assistance medical care.

~~(p) Effective July 1, 2003, general assistance medical care emergency services end.~~

Sec. 5. Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 4, is amended to read:

Subd. 4. **General assistance medical care; services.** (a)(i) For a person who is eligible under subdivision 3, paragraph (a), clause (2), item (i), general assistance medical care covers, except as provided in paragraph (c):

(1) inpatient hospital services;

(2) outpatient hospital services;

(3) services provided by Medicare certified rehabilitation agencies;

(4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;

(5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;

(6) eyeglasses and eye examinations provided by a physician or optometrist;

(7) hearing aids;

(8) prosthetic devices;

(9) laboratory and X-ray services;

(10) physician's services;

(11) medical transportation except special transportation;

(12) chiropractic services as covered under the medical assistance program;

(13) podiatric services;

(14) dental services as covered under the medical assistance program;

(15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;

(16) day treatment services for mental illness provided under contract with the county board;

(17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

(18) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments;

(19) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision;

(20) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if (1) the service is otherwise covered under this chapter as a physician service, (2) the service provided on an inpatient basis is not included as part of the cost for inpatient services included in the operating payment rate, and (3) the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171;

(21) services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered nurse, as defined in section 148.171;

(22) telemedicine consultations, to the extent they are covered under section 256B.0625, subdivision 3b; and

(23) mental health telemedicine and psychiatric consultation as covered under section 256B.0625, subdivisions 46 and 48.

(ii) Effective October 1, 2003, for a person who is eligible under subdivision 3, paragraph (a), clause (2), item (ii), general assistance medical care coverage is limited to inpatient hospital services, including physician services provided during the inpatient hospital stay. A $1,000 deductible is required for each inpatient hospitalization.

(b) Effective August 1, 2005, sex reassignment surgery is not covered under this subdivision.

(c) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, 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. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology.

~~(d) Recipients eligible under subdivision 3, paragraph (a), shall pay the following co-payments for services provided on or after October 1, 2003:~~

~~(1) $25 for eyeglasses;~~

~~(2) $25 for nonemergency visits to a hospital-based emergency room;~~

~~(3) $3 per brand-name drug prescription and $1 per generic drug prescription, subject to a $12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness; and~~

~~(4) 50 percent coinsurance on restorative dental services.~~

~~(e) Co-payments shall be limited to one per day per provider for nonpreventive visits, eyeglasses, and nonemergency visits to a hospital-based emergency room. Recipients of general assistance medical care are responsible for all co-payments in this subdivision.~~

~~The general assistance medical care reimbursement to the provider shall be reduced by the amount of the co-payment, except that reimbursement for prescription drugs shall not be reduced once a recipient has reached the $12 per month maximum for prescription drug co-payments. The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment, except as provided in paragraph (f).~~

~~(f) If it is the routine business practice of a provider to refuse service to an individual with uncollected debt, the provider may include uncollected co-payments under this section. A provider must give advance notice to a recipient with uncollected debt before services can be denied.~~

~~(g)~~ (d) Any county may, from its own resources, provide medical payments for which state payments are not made.

~~(h)~~ (e) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

~~(i)~~ (f) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

~~(j)~~ (g) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

~~(k)~~ (h) Inpatient and outpatient payments shall be reduced by five percent, effective July 1, 2003. This reduction is in addition to the five percent reduction effective July 1, 2003, and incorporated by reference in paragraph ~~(i)~~ (f).

~~(l)~~ (i) Payments for all other health services except inpatient, outpatient, and pharmacy services shall be reduced by five percent, effective July 1, 2003.

~~(m)~~ (j) Payments to managed care plans shall be reduced by five percent for services provided on or after October 1, 2003.

~~(n)~~ (k) A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

~~(o) Fee-for-service payments for nonpreventive visits shall be reduced by $3 for services provided on or after January 1, 2006. For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, advance practice nurse, audiologist, optician, or optometrist.~~

~~(p) Payments to managed care plans shall not be increased as a result of the removal of the $3 nonpreventive visit co-payment effective January 1, 2006.~~

Sec. 6. Minnesota Statutes 2005 Supplement, section 256J.21, subdivision 2, is amended to read:

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

(1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9555.5050 to 9555.6265, 9560.0521, and 9560.0650 to 9560.0655, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;

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

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

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

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

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

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

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

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

(iv) federal or state tax rebates;

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

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

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

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

(13) in-kind income, including any payments directly made by a third party to a provider of goods and services;

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

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

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

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

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

(19) Supplemental Security Income (SSI), including retroactive SSI payments and other income of an SSI recipient~~, except as described in section 256J.37, subdivision 3b~~;

(20) Minnesota supplemental aid, including retroactive payments;

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

(22) state adoption assistance payments under section 259.67, and up to an equal amount of county adoption assistance payments;

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

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

(25) rent rebates;

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

(27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;

(28) MFIP child care payments under section 119B.05;

(29) all other payments made through MFIP to support a caregiver's pursuit of greater economic stability;

(30) income a participant receives related to shared living expenses;

(31) reverse mortgages;

(32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;

(36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part 2, sections 2271 to 2322;

(37) war reparations payments to Japanese Americans and Aleuts under United States Code, title 50, sections 1989 to 1989d;

(38) payments to veterans or their dependents as a result of legal settlements regarding Agent Orange or other chemical exposure under Public Law 101-239, section 10405, paragraph (a)(2)(E);

(39) income that is otherwise specifically excluded from MFIP consideration in federal law, state law, or federal regulation;

(40) security and utility deposit refunds;

(41) American Indian tribal land settlements excluded under Public Laws 98-123, 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and Mille Lacs reservations and payments to members of the White Earth Band, under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

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

(43) income of the minor parent's parents and stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor

parent's child in households that include a minor parent living with parents or stepparents not on MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

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

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

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

Sec. 7. Minnesota Statutes 2004, section 256J.24, is amended by adding a subdivision to read:

Subd. 5b. **Cost of living increase.** The commissioner shall provide a onetime ten percent cost of living increase to the cash portion of the transitional standard.

Sec. 8. **REPEALER.**

(a) Minnesota Statutes 2004, section 256B.0631, subdivisions 2 and 4, are repealed.

(b) Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1 and 3; and 256J.37, subdivision 3b, are repealed.

(c) Laws 2005, First Special Session chapter 4, article 3, section 19, is repealed.

(d) Minnesota Statutes 2004, section 256J.37, subdivision 3a, is repealed effective July 1, 2007.

ARTICLE 2
TAX ARTICLE

Section 1. Minnesota Statutes 2005 Supplement, section 289A.38, subdivision 6, is amended to read:

Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if:

(1) the taxpayer omits from ~~gross~~ taxable income an amount properly includable in it that is in excess of 25 percent of the amount of ~~gross~~ taxable income ~~stated in the return~~ that would have been reported but for the omission;

(2) the taxpayer omits from a sales, use, or withholding tax return an amount of taxes in excess of 25 percent of the taxes reported in the return; or

(3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross estate reported in the return.

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

Sec. 2. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 6b, is amended to read:

Subd. 6b. **Foreign operating corporation.** The term "foreign operating corporation," when applied to a corporation, means a domestic corporation with the following characteristics:

(1) it is part of a unitary business at least one member of which is taxable in this state;

(2) it is not a foreign sales corporation under section 922 of the Internal Revenue Code, as amended through December 31, 1999, for the taxable year;

(3) either (i) ~~the average of the percentages of its property and payrolls, including the pro rata share of its unitary partnerships' property and payrolls, assigned to locations outside the United States, where the United States includes the District of Columbia and excludes the commonwealth of Puerto Rico and possessions of the United States, as determined under section 290.191 or 290.20, is 80 percent or more; or (ii)~~ it has in effect a valid election under section 936 of the Internal Revenue Code; or (ii) at least 80 percent of the gross income from all sources of the corporation in the tax year is active foreign business income; and

(4) ~~it has \$1,000,000 of payroll and \$2,000,000 of property, as determined under section 290.191 or 290.20, that are located outside the United States. If the domestic corporation does not have payroll as determined under section 290.191 or 290.20, but it or its partnerships have paid \$1,000,000 for work, performed directly for the domestic corporation or the partnerships, outside the United States, then paragraph (3)(i) shall not require payrolls to be included in the average calculation~~ for purposes of this subdivision, active foreign business income means gross income that is (i) derived from sources without the United States, as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code; and (ii) attributable to the active conduct of a trade or business in a foreign country.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2005.

Sec. 3. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(9) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(10) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (19), (20), (21), and (22);

(12) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(13) the amount of net income excluded under section 114 of the Internal Revenue Code;

(14) any increase in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of section 614 of Public Law 107-147;

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(16) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(17) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code; ~~and~~

(18) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans~~.~~;

(19) an amount equal to the interest and intangible expenses, losses, and costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit of a corporation that is a member of the taxpayer's unitary business group that qualifies as a foreign operating corporation. For purposes of this clause, intangible expenses and costs include:

(i) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) losses incurred, directly or indirectly, from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar expenses and costs.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible expenses or costs paid, accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect to such item of income to the extent that the income to the foreign operating corporation is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(20) except as already included in the taxpayer's taxable income pursuant to clause (19), any interest income and income generated from intangible property received or accrued by a foreign operating corporation that is a member of the taxpayer's unitary group. For purposes of this clause, income generated from intangible property includes:

(i) income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;

(ii) income from factoring transactions or discounting transactions;

(iii) royalty, patent, technical, and copyright fees;

(iv) licensing fees; and

(v) other similar income.

For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.

This clause does not apply to any item of interest or intangible income received or accrued by a foreign operating corporation with respect to such item of income to the extent that the income is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(21) the dividends attributable to the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to the dividends paid deduction of a real estate investment trust under section 561(a) of the Internal Revenue Code for amounts paid or accrued by the real estate investment trust to the foreign operating corporation; and

(22) the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or personal property located in the United States.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2005.

Sec. 4. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (11), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(10) 80 percent of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation, unless the income resulting from such payments or accruals is income from sources within the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(11) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

(12) the amount of handicap access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

(13) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

(14) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

(15) the amount of any refund of environmental taxes paid under section 59A of the Internal Revenue Code;

(16) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;

(17) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

(18) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of section 614 of Public Law 107-147;

(19) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (15), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (15). The resulting delayed depreciation cannot be less than zero; and

(20) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of the amount of the addition.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2005.

Sec. 5. Minnesota Statutes 2004, section 290.34, subdivision 1, is amended to read:

Subdivision 1. **Business conducted in such a way as to create losses or improper taxable net income.** (a) When any corporation liable to taxation under this chapter conducts its business in such a manner as, directly or indirectly, to benefit its members or stockholders or any person or corporation interested in such business or to reduce the income attributable to this state by selling the commodities or services in which it deals at less than the fair price which might be obtained therefor, or buying such commodities or services at more than the fair price for which they might have been obtained, or when any corporation, a substantial portion of whose shares is owned directly or indirectly by another corporation, deals in the commodities or services of the latter corporation in such a manner as to create a loss or improper net income or to reduce the taxable net income attributable to this state, the commissioner of revenue may determine the amount of its income so as to reflect what would have been its reasonable taxable net income but for the arrangements causing the understatement of its taxable net income or the overstatement of its losses, having regard to the fair profits which, but for any agreement, arrangement, or understanding, might have been or could have been obtained from such business.

(b) When any corporation engages in a transaction or series of transactions whose primary business purpose is the avoidance of tax, or engages in a transaction or series of transactions without economic substance, that transaction or series of transactions shall be disregarded and the commissioner shall determine taxable net income without regard for any such transaction or series of transactions.

Sec. 6. **INTENT OF LEGISLATURE.**

Section 5 does not change Minnesota law, but merely clarifies the legislature's intention with respect to transactions without economic substance or business purpose.

Senator .... moves to amend S.F. No. 3016 as follows:

Page 2, line 2, after the first comma, insert "from July 1, 2006, to June 30, 2007, and 175 percent of the poverty guidelines from July 1, 2007, and later,"

Page 4, after line 22, insert:

"**EFFECTIVE DATE.** This section is effective from July 1, 2006 to June 30, 2007."

Page 6, line 24, after the period, insert "The requirement to provide a Social Security number does not apply to undocumented noncitizens eligible under paragraph (n)."

Pages 8 to 15, delete sections 5 and 6

Page 15, line 12, after the period, insert "The onetime increase is effective from July 1, 2006, to June 30, 2007."

Page 15, after line 12, insert:

"Sec. 6. Minnesota Statutes 2005 Supplement, section 256L.04, subdivision 1a, is amended to read:

Subd. 1a. **Social Security number required.** (a) Individuals and families applying for MinnesotaCare coverage must provide a Social Security number. The requirement to provide a Social Security number does not apply to undocumented noncitizens.

(b) The commissioner shall not deny eligibility to an otherwise eligible applicant who has applied for a Social Security number and is awaiting issuance of that Social Security number.

(c) Newborns enrolled under section 256L.05, subdivision 3, are exempt from the requirements of this subdivision.

(d) Individuals who refuse to provide a Social Security number because of well-established religious objections are exempt from the requirements of this subdivision. The term "well-established religious objections" has the meaning given in Code of Federal Regulations, title 42, section 435.910.

Sec. 7. **MEDICAL ASSISTANCE AND GENERAL ASSISTANCE MEDICAL CARE CO-PAYMENTS.**

Notwithstanding Minnesota Statutes, sections 256B.031 and 256D.03, subdivision 4, no co-payments shall be required to be paid on services provided between July 1, 2006, and June 30, 2007, in the medical assistance and general assistance medical care programs."

Page 15, delete section 8 and insert:

"Sec. 8. **SUSPENSION OF MFIP HOUSING AND SSI PENALTIES.**

The MFIP housing penalty under Minnesota Statutes, section 256J.37, subdivision 3a, and the supplemental security income penalty under Minnesota Statutes, section 256J.37, subdivision 3b, are suspended from July 1, 2006, to June 30, 2008.

Sec. 9. **REPEALER.**

Laws 2005, First Special Session chapter 4, article 3, section 19; is repealed."

Page 15, delete article 2

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

To: Senator Cohen, Chair

Committee on Finance

Senator Berglin,

Chair of the Health and Human Services Budget Division, to which was referred

S.F. No. 3016: A bill for an act relating to human services; making changes to child care provider rates and parent fees; eliminating certain health care co-pays; increasing the MFIP transitional standard; reinstating health care benefits for certain noncitizens; repealing MFIP housing and SSI penalties; modifying foreign operating corporation tax provision; appropriating money from the tax relief account;amending Minnesota Statutes 2004, sections 119B.13, by adding a subdivision; 256J.24, by adding a subdivision; 290.34, subdivision 1; Minnesota Statutes 2005 Supplement, sections 119B.09, subdivision 1; 256D.03, subdivisions 3, 4; 256J.21, subdivision 2; 289A.38, subdivision 6; 290.01, subdivisions 6b, 19c, 19d; proposing coding for new law in Minnesota Statutes, chapter 119B; repealing Minnesota Statutes 2004, sections 256B.0631, subdivisions 2, 4; 256J.37, subdivision 3a; 256L.04, subdivision 10; Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1, 3; 256J.37, subdivision 3b; Laws 2005, First Special Session chapter 4, article 3, section 19.

Reports the same back with the recommendation that the bill do pass and be referred to the full committee.

Linda Berglin
(Division Chair)

March 21, 2006
(Date of Division action)

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 3016: A bill for an act relating to human services; making changes to child care provider rates and parent fees; eliminating certain health care co-pays; increasing the MFIP transitional standard; reinstating health care benefits for certain noncitizens; repealing MFIP housing and SSI penalties; modifying foreign operating corporation tax provision; appropriating money from the tax relief account; amending Minnesota Statutes 2004, sections 119B.13, by adding a subdivision; 256J.24, by adding a subdivision; 290.34, subdivision 1; Minnesota Statutes 2005 Supplement, sections 119B.09, subdivision 1; 256D.03, subdivisions 3, 4; 256J.21, subdivision 2; 289A.38, subdivision 6; 290.01, subdivisions 6b, 19c, 19d; proposing coding for new law in Minnesota Statutes, chapter 119B; repealing Minnesota Statutes 2004, sections 256B.0631, subdivisions 2, 4; 256J.37, subdivision 3a; Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1, 3; 256J.37, subdivision 3b; Laws 2005, First Special Session chapter 4, article 3, section 19.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete lines 17 and 18

Page 2, line 2, after the first comma, insert "from July 1, 2006, to June 30, 2007, and 175 percent of the poverty guidelines from July 1, 2007, and later,"

Page 4, after line 22, insert:

"**EFFECTIVE DATE.** This section is effective from July 1, 2006, to June 30, 2007."

Page 6, line 24, after the period, insert "The requirement to provide a Social Security number does not apply to undocumented noncitizens eligible under paragraph (n)."

Pages 8 to 15, delete sections 5 and 6

Page 15, line 12, after the period, insert "The onetime increase is effective from July 1, 2006, to June 30, 2007."

Page 15, after line 12, insert:

"Sec. 6. Minnesota Statutes 2005 Supplement, section 256L.04, subdivision 1a, is amended to read:

Subd. 1a. **Social Security number required.** (a) Individuals and families applying for MinnesotaCare coverage must provide a Social Security number. The requirement to provide a Social Security number does not apply to undocumented noncitizens.

(b) The commissioner shall not deny eligibility to an otherwise eligible applicant who has applied for a Social Security number and is awaiting issuance of that Social Security number.

(c) Newborns enrolled under section 256L.05, subdivision 3, are exempt from the requirements of this subdivision.

(d) Individuals who refuse to provide a Social Security number because of well-established religious objections are exempt from the requirements of this subdivision. The term "well-established religious objections" has the meaning given in Code of Federal Regulations, title 42, section 435.910.

Sec. 7. **MEDICAL ASSISTANCE AND GENERAL ASSISTANCE MEDICAL CARE CO-PAYMENTS.**

Notwithstanding Minnesota Statutes, sections 256B.031 and 256D.03, subdivision 4, no co-payments shall be required to be paid on services provided between July 1, 2006, and June 30, 2007, in the medical assistance and general assistance medical care programs."

Page 15, delete section 8 and insert:

"Sec. 8. **SUSPENSION OF MFIP HOUSING AND SSI PENALTIES.**

The MFIP housing penalty under Minnesota Statutes, section 256J.37, subdivision 3a, and the supplemental security income penalty under Minnesota Statutes, section 256J.37, subdivision 3b, are suspended from July 1, 2006, to June 30, 2008.

Sec. 9. **REPEALER.**

Laws 2005, First Special Session chapter 4, article 3, section 19, is repealed.

"

Page 15, delete article 2

Renumber the sections in sequence

Amend the title accordingly

And when so amended the bill do pass. Amendments adopted. Report adopted.

....
(Committee Chair)

May 8, 2006 ....5-8-01..
(Date of Committee recommendation)

Consolidated Fiscal Note – 2005-06 Session

Bill #: S1000-1A **Complete Date:** 04/19/05

Chief Author: BERGLIN, LINDA

Title: CORRECTIONAL HUMAN SERVICES PROV

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agencies: Human Services Dept (04/19/05) Housing Finance Agency (03/24/05) Corrections Dept (04/07/05)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Net Expenditures					
General Fund	0	2,023	1,701	1,705	1,746
Human Services Dept	0	1,359	1,037	1,041	1,082
Corrections Dept		664	664	664	664
Revenues					
General Fund	0	115	82	67	67
Human Services Dept	0	115	82	67	67
Net Cost <Savings>					
General Fund	0	1,908	1,619	1,638	1,679
Human Services Dept	0	1,244	955	974	1,015
Corrections Dept		664	664	664	664
Total Cost <Savings> to the State	0	1,908	1,619	1,638	1,679

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund	0.00	11.50	11.00	10.50	10.50
Human Services Dept	0.00	3.50	3.00	2.50	2.50
Corrections Dept		8.00	8.00	8.00	8.00
Total FTE	0.00	11.50	11.00	10.50	10.50

Consolidated EBO Comments

This bill would allocate an undesignated amount of resources from the Housing Trust Fund for a new purpose (supportive housing projects). Because the bill does not appropriate additional funding to the Housing Trust Fund, activities currently supported by the Housing Trust Fund would have to be reduced.

EBO Signature: KATIE BURNS
Date: 04/19/05 Phone: 296-7289

Fiscal Note – 2005-06 Session

Bill #: S1000-1A **Complete Date:** 04/19/05

Chief Author: BERGLIN, LINDA

Title: CORRECTIONAL HUMAN SERVICES PROV

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund	0	1,359	1,037	1,041	1,082
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund	0	1,359	1,037	1,041	1,082
Revenues					
General Fund	0	115	82	67	67
Net Cost <Savings>					
General Fund	0	1,244	955	974	1,015
Total Cost <Savings> to the State	0	1,244	955	974	1,015

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund	0.00	3.50	3.00	2.50	2.50
Total FTE	0.00	3.50	3.00	2.50	2.50

NARRATIVE: SF 1000-1A

Bill Description

This bill includes provisions to authorize the commissioner of corrections to enter into a purchasing pool for prescription drugs; modify discharge plans for offenders with serious and persistent mental illness (SPMI); clarify when an offender is eligible for medical assistance; and appropriate money for supportive housing projects that provide employment services.

Sec. 1: Amends Minn. Stat. §241.01 by adding Subd. 10 to allow the commissioner of corrections to contract with a separate entity to purchase prescription drugs for persons confined in correctional institutions. Local governments may participate in this purchasing pool for persons confined in local correctional facilities. The bill also requires the commissioner to appoint a county representative to any committee convened for the purpose of establishing a drug formulary for state and local correctional facilities.

Sec. 2: Amends Minn. Stat. §244.054:

Subd. 1: to broaden the offer to develop a discharge plan to every offender who has had a diagnosis of serious and persistent mental illness and would otherwise be eligible for case management services but for the requirement that the offender be hospitalized or in residential treatment;

Subd. 2: to replace the terms "agent of the Department of Human Services" and "designated agent" with the term "discharge planner"; requires the commissioner to determine an offender's eligibility for health care. Cases are transferred to counties or MinnesotaCare operations for ongoing case maintenance.

Sec. 3: Amends Minn. Stat. §256B.055 by adding Subd. 14 to define when an inmate is eligible for medical assistance as follows: (a) An inmate who is conditionally released for work release is eligible for medical assistance if the individual doesn't require the security of a public detention facility and is housed in a half-way house or community correction center, or under house arrest and monitored by electronic surveillance in a residence approved by the commissioner of corrections; and (b) an individual, regardless of age, who is involuntarily detained by law in the custody of a correctional or detention facility (as accused or convicted) is not eligible for medical assistance. An individual is not considered to be involuntarily detained, and therefore eligible for medical assistance, if the individual is placed in a detention facility.

Sec. 4: Appropriates money from the commissioner of the Housing Finance Agency for supportive housing projects that provide employment support.

Assumptions

This proposal will cause a 2 month delay in HealthMatch. The complex design of the innovative HealthMatch system is near completion and programming has begun. Due to the intricacies of programming a new system, any change prior to system completion requires substantial analysis and design rework, in addition to programming the actual changes. This effort delays the HealthMatch implementation date and results in costs of $889,000 per month of delay. Currently, for each month of delay to the project, the associated vendor cost for maintaining staff on the project is $600,000. Concurrent state staff costs per month are $289,000. These numbers reflect 100% of the cost; state budget costs are less when adjusted for federal participation.

Once HealthMatch is completely built and implemented, the cost for making requested changes will be significantly lower. Legislation with effective dates of August 1, 2006, or upon HealthMatch implementation, whichever is later, will not incur the state staff and associated vendor costs caused by implementation delay, although they will, as with current systems, require investments of time for analysis and design.

See attached spreadsheets.

Expenditure and/or Revenue Formula

FISCAL SUMMARY
General Fund

Description	FY06	FY07	FY08	FY09
Administrative Costs	288	206	166	166
Systems Costs	622	0	0	0
Program Costs	449	831	875	916
Total Costs	1,359	1,037	1,041	1,082
FFP Earned @ 40%	115	82	67	67
Net Cost to State	1,244	955	974	1,015

Senate File 1000
Discharge planning for mentally ill offenders
HCEA admin needed for enrollment
-Assumptions:
-Approximately 800 applications annually
-FTE requested will plan and implement procedures, and process applications.
-Once eligibility is processed, case will be transferred to county or MinnesotaCare for ongoing service.
2005 Session

ADMINISRATIVE COSTS

	FY2006	FY2007	FY2008	FY2009
FTE needed to process applications for MHCP				
GENERAL FUND	2.00	2.00	2.00	2.00
FTE to develop program, train, develop time tracking, etc	1.00	0.50	0.50	0.50
FTE for processing and time tracking	3.00	2.50	2.50	2.50
Direct costs	174,000	145,000	145,000	145,000
Salary + fringe =$58,000				
FTE to develop program	0.50	0.50	0.00	0.00
Direct costs	35,000	35,000	0	0
TOTAL FTE	3.50	3.00	2.50	2.50
TOTAL DIRECT COSTS	209,000	180,000	145,000	145,000
Indirect costs/overhead	78,750	25,500	21,250	21,250
TOTAL COSTS	287,750	205,500	166,250	166,250
40% federal reimbursement offset	115,100	82,200	66,500	66,500
HCEA costs (state share) not including systems	172,650	123,300	99,750	99,750

SYSTEMS COSTS

MMIS Costs	0	0	0	0
MMIS Costs, state share (35%)	0			
MAXIS Costs--	0	0	0	0
MAXIS Costs, state share (45%)	0			
HealthMatch costs--total	1,778,000	0	0	0
HealthMatch costs, state share (35%)	622,300	0	0	0

PROGRAM COSTS

Minnesota
MEDICAL
ASSISTANCE
Fiscal Analysis of a Proposal to
Modify Corrections Discharge Planning Requirements and
Clarify Eligibility for Offenders on Work Release
House File 1266
2005 Session

Section 2 modifies requirements for discharge planning and requires discharge planners for offenders with serious and persistent mental illness to assist in the completion of application for DHS medical programs and to submit applications directly to DHS.

Based on 800 discharges per year to which these requirements apply, we assume that the effect of the requirements will be to increase MA average enrollment by 20% of 800, or 160, by speeding up the enrollment process and making MA enrollment of released offenders more likely.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly enrollees	80	160	160	160
Average monthly cost	809.74	748.51	788.63	825.01
Total annual MA cost	777,354	1,437,143	1,514,175	1,584,019

Section 3 clarifies that offenders on work release may be eligible for MA if they reside in the community and not in a correctional or detention facility. We project costs for this change as it applies to the state work release program, which has a population of about 250 offenders. We assume that 25 of these will qualify for MA under this change.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly enrollees	13	25	25	25
Average monthly cost	809.74	748.51	788.63	825.01
Total annual MA cost	121,462	224,554	236,590	247,503

We do not project any costs related to county jail work release under M.S. 631.425, for two reasons. First, the statute says that confinement in a correctional facility is required, unless otherwise ordered by the court, except for periods of employment. So in the usual situation there would be no MA eligibility. Second, we believe that there is already no bar to eligibility of offenders who have been released and are residing in the community.

	FY 2006	FY 2007	FY 2008	FY 2009
Total MA Cost	898,815	1,661,697	1,750,765	1,831,522
Federal share	449,408	830,848	875,382	915,761
State share	449,408	830,848	875,382	915,761

Long-Term Fiscal Considerations

Local Government Costs

References/Sources

Agency Contact Name: Lisa Knazan 297-5628
FN Coord Signature: STEVE BARTA
Date: 04/19/05 Phone: 296-5685

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KATIE BURNS
Date: 04/19/05 Phone: 296-7289

Fiscal Note – 2005-06 Session

Bill #: S1000-1A **Complete Date:** 03/24/05

Chief Author: BERGLIN, LINDA

Title: CORRECTIONAL HUMAN SERVICES PROV

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Housing Finance Agency

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description:

This bill makes changes to the law governing discharge planning for offenders with a serious or persistent mental illness and offenders who have had a diagnosis of mental illness. It also estimates medical assistance eligibility for certain inmates of correctional facilities who are conditionally released.

Section 4 of the bill directs the commissioner of the Housing Finance Agency to allocate an unspecified portion of the funds in the Housing Trust Fund account for supportive housing projects that provide employment supports. It does not appropriate additional funds to this account.

Assumptions:

Because the portion of the Housing Trust Fund account that must be allocated for supportive housing projects with employment support is not specified, it is not possible to estimate the impact on the program on MHFA staff. It is assumed that the requirements established by rules promulgated under the administrative procedures act that projects must demonstrate overall project feasibility and the applicant must demonstrate sufficient organizational capacity in order to receive funding remain in effect. If this assumption is not valid, the allocation could require Agency staff to provide levels of technical assistance well beyond what is typically provided.

Agency Contact Name: Tonja M. Orr (651) 296-9820
FN Coord Signature: JULIE STAHL
Date: 03/24/05 Phone: 296-2291

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT
Date: 03/24/05 Phone: 296-7642

Fiscal Note – 2005-06 Session

Bill #: S1000-1A **Complete Date:** 04/07/05

Chief Author: BERGLIN, LINDA

Title: CORRECTIONAL HUMAN SERVICES PROV

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Corrections Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund		664	664	664	664
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund		664	664	664	664
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		664	664	664	664
Total Cost <Savings> to the State		664	664	664	664

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund		8.00	8.00	8.00	8.00
Total FTE		8.00	8.00	8.00	8.00

SF 1000-1A Correctional Human Services Provision

Bill Description
This bill provides discharge planning for offenders with a diagnosis of mental illness.

Assumptions
- There are approximately 1,500 offenders meeting the mental illness criteria as outlined in this bill.
- Fifty percent of these offenders are released every year so approximately 750 will require a discharge plan.
- An average plan takes approximately 20 hours to complete.
- This will require eight discharge planners. This will require an annual salary and operating budget of $83,000 per discharge planner for a total annual cost of $664,000.
- Staff will be hired at the beginning of the fiscal year to ensure they can attend the training academy prior to working with offenders.
- This bill indicates that the Department of Human Services, in collaboration with the Department of Corrections, will provide this discharge planning. The cost of these positions will be reflected in the fiscal note for the Department of Corrections and funding must be appropriated for this purpose.
- Although not stated in the bill it is assumed the bill is effective 8/1/05.

Expenditure and/or Revenue Formula

Fiscal Year	2005	2006	2007	2008	2009
Discharge Planners	$0	$664	$664	$664	$664
Total DOC Cost (1=1,000)	**$0**	**$664**	**$664**	**$664**	**$664**
FTE	0	8	8	8	8

Long-Term Fiscal Considerations
The cost for this bill will be recognized in subsequent years.

Local Government Costs
N/A

References/Sources
Minnesota Department of Corrections staff.
Minnesota Department of Human Services staff.

FN Coord Signature: DENNY FONSECA
Date: 04/01/05 Phone: 642-0220

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JIM KING
Date: 04/07/05 Phone: 296-7964

A bill for an act

relating to human services; modifying discharge plans for offenders with serious and persistent mental illness; clarifying eligibility for medical assistance for offenders released for work release; authorizing commissioner of corrections to enter into a purchasing pool for prescription drugs; allocating housing funds for projects that provide employment support; appropriating money; amending Minnesota Statutes 2004, sections 241.01, by adding a subdivision; 244.054; 256B.055, by adding a subdivision.

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

Section 1. Minnesota Statutes 2004, section 241.01, is amended by adding a subdivision to read:

Subd. 10. [PURCHASING FOR PRESCRIPTION DRUGS.] In accordance with section 241.021, subdivision 4, the commissioner may contract with a separate entity to purchase prescription drugs for persons confined in institutions under the control of the commissioner. Local governments may participate in this purchasing pool in order to purchase prescription drugs for those persons confined in local correctional facilities in which the local government has responsibility for providing health care. If any county participates, the commissioner shall appoint a county representative to any committee convened by the commissioner for the purpose of establishing a drug formulary to be used for state and local correctional facilities.

Sec. 2. Minnesota Statutes 2004, section 244.054, is amended to read:

244.054 [DISCHARGE PLANS; OFFENDERS WITH SERIOUS AND PERSISTENT MENTAL ILLNESS.]

Subdivision 1. [OFFER TO DEVELOP PLAN.] The commissioner of human services, in collaboration with the commissioner of corrections, shall offer to develop a discharge plan for community-based services for every offender with serious and persistent mental illness, as defined in section 245.462, subdivision 20, paragraph (c), and every offender who has had a diagnosis of mental illness and would otherwise be eligible for case management services under section 245.462, subdivision 20, paragraph (c), but for the requirement that the offender be hospitalized or in residential treatment, who is being released from a correctional facility. If an offender is being released pursuant to section 244.05, the offender may choose to have the discharge plan made one of the conditions of the offender's supervised release and shall follow the conditions to the extent that services are available and offered to the offender.

Subd. 2. [CONTENT OF PLAN.] If an offender chooses to have a discharge plan developed, the commissioner of human services shall develop and implement a discharge plan, which must include at least the following:

(1) at least 90 days before the offender is due to be discharged, the commissioner of human services shall designate ~~an-agent-of-the-Department-of-Human-Services~~ a discharge planner with mental health training to serve as the primary person responsible for carrying out discharge planning activities;

(2) at least 75 days before the offender is due to be discharged, the offender's ~~designated-agent~~ discharge planner shall:

(i) obtain informed consent and releases of information from the offender that are needed for transition services, and forward them to the appropriate local entity;

(ii) contact the county human services department in the community where the offender expects to reside following discharge, and inform the department of the offender's impending discharge and the planned date of the offender's return to the community; determine whether the county or a designated contracted provider will provide case management services to the offender; refer the offender to the case management services provider; and confirm that the case management services provider will have opened the offender's case prior to the offender's discharge; and

(iii) ~~refer-the-offender-to-appropriate-staff-in-the-county human-services-department-in-the-community-where-the-offender expects-to-reside-following-discharge,-for-enrollment-of-the offender-if-eligible-in-medical-assistance-or-general-assistance medical-care,-using-special-procedures-established-by-process and-Department-of-Human-Services-bulletin~~ assist the offender in filling out an application for medical assistance, general assistance medical care, or MinnesotaCare and submit the application for eligibility determination to the commissioner. The commissioner shall determine an offender's eligibility no more than 45 days, or no more than 60 days if the offender's disability status must be determined, from the date that the application is received by the department. The effective date of eligibility for the health care program shall be no earlier than the date of the offender's release. If eligibility is approved, the commissioner shall mail a Minnesota health care program membership card to the facility in which the offender resides and transfer the offender's case to MinnesotaCare operations within the department or the appropriate county human services agency in the county where the offender expects to reside following release for ongoing case management;

(3) at least 2-1/2 months before discharge, the offender's ~~designated-agent~~ discharge planner shall secure timely appointments for the offender with a psychiatrist no later than 30 days following discharge, and with other program staff at a community mental health provider that is able to serve former offenders with serious and persistent mental illness;

(4) at least 30 days before discharge, the offender's ~~designated-agent~~ discharge planner shall convene a predischarge assessment and planning meeting of key staff from the programs

in which the offender has participated while in the correctional facility, the offender, the supervising agent, and the mental health case management services provider assigned to the offender. At the meeting, attendees shall provide background information and continuing care recommendations for the offender, including information on the offender's risk for relapse; current medications, including dosage and frequency; therapy and behavioral goals; diagnostic and assessment information, including results of a chemical dependency evaluation; confirmation of appointments with a psychiatrist and other program staff in the community; a relapse prevention plan; continuing care needs; needs for housing, employment, and finance support and assistance; and recommendations for successful community integration, including chemical dependency treatment or support if chemical dependency is a risk factor. Immediately following this meeting, the offender's ~~designated agent~~ discharge planner shall summarize this background information and continuing care recommendations in a written report;

(5) immediately following the predischarge assessment and planning meeting, the provider of mental health case management services who will serve the offender following discharge shall offer to make arrangements and referrals for housing, financial support, benefits assistance, employment counseling, and other services required in sections 245.461 to 245.486;

(6) at least ten days before the offender's first scheduled postdischarge appointment with a mental health provider, the offender's ~~designated-agent~~ discharge planner shall transfer the following records to the offender's case management services provider and psychiatrist: the predischarge assessment and planning report, medical records, and pharmacy records. These records may be transferred only if the offender provides informed consent for their release;

(7) upon discharge, the offender's ~~designated-agent~~ discharge planner shall ensure that the offender leaves the correctional facility with at least a ten-day supply of all

necessary medications; and

(8) upon discharge, the prescribing authority at the offender's correctional facility shall telephone in prescriptions for all necessary medications to a pharmacy in the community where the offender plans to reside. The prescriptions must provide at least a ~~30-day~~ 60-day supply of all necessary medications, and must be able to be refilled once for one additional 30-day supply.

Sec. 3. Minnesota Statutes 2004, section 256B.055, is amended by adding a subdivision to read:

Subd. 14. [PERSONS DETAINED BY LAW.] (a) An inmate of a correctional facility who is conditionally released as authorized under section 241.26, 244.065, or 631.425 is eligible for medical assistance if the individual does not require the security of a public detention facility and is housed in a halfway house or community correction center, or under house arrest and monitored by electronic surveillance in a residence approved by the commissioner of corrections.

(b) An individual, regardless of age, who is involuntarily detained by law in the custody of a correctional or detention facility as an individual accused or convicted of a crime, is not eligible for medical assistance. An individual is not determined to be involuntarily detained for purposes of medical assistance eligibility if the individual is placed in a detention facility for a temporary period pending other arrangements appropriate to the individual's needs.

Sec. 4. [PRIORITY IN JANITORIAL CONTRACTS.]

When awarding contracts to provide the janitorial services for the new Department of Human Services and Department of Health buildings, the commissioner of administration shall give priority to supported work vendors.

Sec. 5. [APPROPRIATION.]

For the biennium ending June 30, 2007, the commissioner of the Housing Finance Agency shall allocate $....... from the housing trust fund account in the housing development fund for supportive housing projects that provide employment support.