

8/26/91

STATE OF MINNESOTA
DEPARTMENT OF HEALTH

BEFORE THE MINNESOTA
COMMISSIONER OF HEALTH

In the Matter of
the Proposed Adoption
of the Rule Amendment of
the Minnesota Department of Health
Relating to Vital Statistics
Fees, Minn. Rules Pt. 4600.0900
(1991)

STATEMENT OF NEED
AND REASONABLENESS

Minn. Stat. § 144.226, Subd. 1 (1990), specifically authorizes the Commissioner of Health to set fees in amounts prescribed by rule for issuing certified copies of vital records, preparing new birth records, correcting vital records and verifying information contained within vital records. Additionally, Minn. Stat. § 144.122 (a) (1990) requires that the Commissioner's fees approximate the costs to administer the program. A review of fees relating to vital records demonstrates that the projected revenue for State fiscal year 1991 will not be sufficient to approximate the costs of providing vital record services to the public. Thus, the Commissioner needs to amend current Minn. Rules, part 4600.0900.

The Commissioner of Health considered many factors in the review of the rate structure to determine the most reasonable fees. Some of these factors were not considered in previous rate changes because the fiscal data and time study data were not available. In proposing the new fees, the Commissioner has considered the following factors:

1. The total cost of these activities during FY 91 was estimated at \$547,000 while FY 91 revenues were only \$361,125.
2. A cost analysis of component activities indicates that the fees for certified copies more than paid for the cost while the fees for preparing new birth records, correcting records, filing delayed registrations, and issuing copies of affidavits need to be substantially increased to recover costs.

The Legislative Commission to
Review Administrative Rules

OCT - 1 1991



Estimated cost and revenue for fiscal year 1991 by function are as follows:

	<u>Est. FY 1991 Cost</u>	<u>Est. FY 1991 Revenue</u>
Issuing Certified Copies	\$186,000	\$335,000
Preparing New Birth Records, Correcting Records, Filing Delayed Registrations	356,000	23,125
Issuing Copies of Affidavits	5,000	3,000
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TOTAL	\$547,000	\$361,125

The Commissioner has determined that the most reasonable rate adjustments rest in amending the fees for preparing new birth certificates, correcting records, filing delayed registrations, and issuing copies of affidavits because of the significant difference between costs and revenues. An increased fee from \$5.00 to \$20.00 for preparing new birth records, correcting records, and filing delayed registrations, and an increased fee from \$5.00 to \$8.00 for issuing copies of affidavits will generate revenues of \$611,700 for FY 93 compared to estimated FY 93 costs of \$609,200. With the adoption of this new fee structure, it is estimated that revenue will approximate expenses through FY 1993 as follows:


	<u>Est. FY 1993 Cost</u>	<u>Est. FY 1993 Revenue</u>
Issuing Certified Copies	\$207,000	\$342,000
Preparing New Birth Records, Correcting Records, Filing Delayed Registrations	396,600	264,500
Issuing Copies of Affidavits	5,600	5,200
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TOTAL	\$609,200	\$611,700

With these fee adjustments the fees collected will reasonably approximate the cost of providing these services.

The Commissioner has determined that the increased fees proposed in these rules will not affect small businesses for purposes of Minn. Stat. §§ 14.115 (1990).

The Commissioner of Finance has approved the proposed fee increases in accordance with Minn. Stat. § 16A.128 as fees generated to recover the cost of maintaining, providing and authenticating copies of vital records.

Dated: September 13, 1991.


MARLENE E. MARSCHALL
Commissioner of Health

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STATEMENT OF NEED AND REASONABLENESS

Minnesota Statutes 144.226, Subdivision 1, sets forth the services for which a fee shall be charged and that the fee shall be in an amount prescribed by rule of the Commissioner. Additionally, Minnesota Statutes 144,122(a) requires fees adopted by rule by the Commissioner of Health to approximate the cost to administer the program. The attached fee review indicates that projected revenue for state fiscal 1991 will not be sufficient to approximate the projected cost of providing Vital Records Services to the public, causing a need to amend Minnesota Rule 4600.900.

The process of reviewing rate structure to determine the most reasonable set of rates to be adopted considered many factors. Some of these factors were not considered in previous rate changes because fiscal data and time study data was not available. Factors considered were:

1. The total cost of the activity.
2. Separating activity into its functions.
3. Calculating the total cost of each function.
4. Estimating the revenue generated by each function.
5. Rate structure from other states for same services.

Based on the factors it was found that the function of providing certified copies was generating sufficient revenue to approximate its cost. However, the functions of preparing new birth certificates subsequent to adoption, legitimation and paternity determination, correcting records, filing delayed registrations of birth, and issuing copies of affidavits were not generating sufficient revenue to approximate their costs.

The Department determined that the most reasonable rate structure adjustment to adopt was to change the fee for preparing new birth certificates, correcting records and filing delayed registrations from \$5.00 to \$20.00, and changing the fee for issuing copies of affidavits from \$5.00 to \$8.00. With the adoption of this new fee structure it is estimated that revenues will approximate expenses through 1993.