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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 1856

March 8, 2007

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The bill was read for the first time and referred to the Committee on Health and Human Services

A bill for an act

1.1 relating to health; providing for universal health care coverage; requiring
1.2 guaranteed issue of minimum coverage by all health plans; requiring individuals
1.3 to have minimum health coverage; establishing the Minnesota Health Care
1.4 Access Portal; extending dependent coverage of nonstudents to age 25; creating
1.5 an income tax credit for health care costs; allowing deductions for health
1.6 insurance premiums; eliminating the MinnesotaCare four-month uninsured
1.7 requirement; authorizing medical home demonstration projects; promoting the
1.8 adoption of electronic health information systems; establishing prevention and
1.9 public health programs; requiring studies; appropriating money; amending
1.10 Minnesota Statutes 2006, sections 62A.65, by adding a subdivision; 62E.02,
1.11 subdivision 7; 62L.02, subdivision 11; 62Q.165; 120B.021, subdivision 1;
1.12 120B.023, subdivision 2; 120B.024; 256B.0625, subdivision 3b; 256L.07,
1.13 subdivisions 1, 3; 290.01, subdivision 19b, as amended; 290.091, subdivision 2;
1.14 proposing coding for new law in Minnesota Statutes, chapters 62Q; 121A; 290;
1.15 repealing Minnesota Statutes 2006, sections 62A.301; 62A.65, subdivision 6.
1.16

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

1.18 **ARTICLE 1**

1.19 **MEDICAL HOME**

1.20 **Section 1. HEALTH CARE PAYMENT REFORM PILOT PROJECTS.**

1.21 Subdivision 1. **Pilot projects.** The commissioners of human services and employee
1.22 relations, in consultation with the commissioner of health, shall develop and administer a
1.23 medical home pilot project for persons enrolled in medical assistance, MinnesotaCare,
1.24 and general assistance medical care and state employees, to the extent permitted by
1.25 federal requirements. The pilot project must involve the use of designated primary
1.26 care professionals or clinics to serve as a patient's medical home and be responsible for
1.27 coordinating health care services across the continuum of care. The pilot project must
1.28 evaluate different medical home models and must be coordinated with the Minnesota
1.29 senior health options program and the Minnesota disability health options program.

2.1 Subd. 2. **Payment methods and incentives.** The commissioners of human services
 2.2 and employee relations shall modify existing payment methods and rates for persons
 2.3 enrolled in medical assistance, MinnesotaCare, and general assistance medical care and
 2.4 state employees participating in the pilot project in order to provide incentives for care
 2.5 management, team-based care, and practice redesign, and shall increase resources for
 2.6 primary care, chronic condition care, and care provided to patients with complex medical
 2.7 needs. The commissioners may create financial incentives for patients to select a medical
 2.8 home under the pilot project by reducing deductibles and co-payments for certain services,
 2.9 or through other incentives.

2.10 Subd. 3. **Requirements.** In order to be designated a medical home under the pilot
 2.11 project, primary care health care professionals or clinics must demonstrate their ability to:

2.12 (1) be the patient's first point of contact 24 hours a day, seven days a week;

2.13 (2) provide or arrange for patients' comprehensive health care needs, including the
 2.14 ability to structure planned chronic disease visits and to manage chronic disease through
 2.15 the use of disease registries;

2.16 (3) coordinate patients' care when care must be provided outside the medical home;

2.17 (4) provide longitudinal care, in addition to episodic care, including meeting
 2.18 long-term and unique personal needs;

2.19 (5) make available to patients that choose a medical home an electronic personal
 2.20 health record that is prepopulated with the patient's data, consumer-directed, connected to
 2.21 the provider, allows for 24-hour access, and is owned and controlled by the patient; and

2.22 (6) systematically improve quality of care, using patient feedback and other methods.

2.23 Subd. 4. **Evaluation.** The commissioners of human services and employee relations
 2.24 shall evaluate pilot projects based on patient satisfaction, provider satisfaction, clinical
 2.25 process and outcome measures, program costs and savings, and economic impact on
 2.26 health care providers. Pilot projects must be evaluated based on the extent to which the
 2.27 medical home:

2.28 (1) coordinated health care services across the continuum of care and thereby
 2.29 reduced duplication of services and enhanced communication across providers;

2.30 (2) provided safe and high-quality care by increasing utilization of effective
 2.31 treatments, reducing use of ineffective treatments, reducing barriers to essential care and
 2.32 services, and eliminating barriers to access;

2.33 (3) encouraged long-term patient and provider relationships by shifting from
 2.34 episodic care to consistent, coordinated communication and care with a specified team of
 2.35 providers or an individual provider;

3.1 (4) engaged and educated consumers by encouraging shared patient and provider
 3.2 responsibility and accountability for disease prevention, health promotion, chronic
 3.3 disease management, acute care, and overall well-being, encouraging informed medical
 3.4 decision-making, ensuring the availability of accurate medical information, and facilitating
 3.5 the transfer of accurate medical information; and

3.6 (5) encouraged innovation in payment methodologies by using patient and provider
 3.7 incentives to coordinate care and utilize medical home services and fostering the
 3.8 expansion of a technology infrastructure that supports collaboration.

3.9 Subd. 5. **Regulatory and payment barriers.** The commissioners of human services
 3.10 and employee relations shall study state and federal statutory and regulatory barriers to the
 3.11 creation of medical homes and provide a report and recommendations to the legislature
 3.12 by December 15, 2007.

3.13 **Sec. 2. APPROPRIATIONS.**

3.14 (a) \$..... for the fiscal year ending June 30, 2008, and \$..... for the fiscal year
 3.15 ending June 30, 2009, are appropriated from the general fund to the commissioner of
 3.16 health for the medical education and research fund administered under Minnesota Statutes,
 3.17 section 62J.692, to expand multidisciplinary education and training programs and primary
 3.18 care education initiatives, to maintain Minnesota's primary care workforce capacity.

3.19 (b) \$..... for the fiscal year ending June 30, 2008, and \$..... for the fiscal year
 3.20 ending June 30, 2009, are appropriated to the commissioner of health to work with
 3.21 institutions of higher education to establish or fund existing initiatives to recruit and
 3.22 retain nurse educators in nursing education programs, in order to expand the educational
 3.23 capacity needed to address Minnesota's nursing shortage.

3.24 **ARTICLE 2**

3.25 **UNIVERSAL COVERAGE**

3.26 Section 1. Minnesota Statutes 2006, section 62A.65, is amended by adding a
 3.27 subdivision to read:

3.28 Subd. 1a. **Guaranteed issuance.** All health plan companies participating in the
 3.29 individual market must offer and make available on a guaranteed issue basis the qualified
 3.30 minimum coverage specified under section 62Q.167.

3.31 Sec. 2. Minnesota Statutes 2006, section 62E.02, subdivision 7, is amended to read:

4.1 Subd. 7. **Dependent.** "Dependent" means a spouse or unmarried child under the age
 4.2 of ~~19~~ 25 years, ~~a dependent child who is a student under the age of 25~~; or a dependent
 4.3 child of any age who is disabled.

4.4 Sec. 3. Minnesota Statutes 2006, section 62L.02, subdivision 11, is amended to read:

4.5 Subd. 11. **Dependent.** "Dependent" means an eligible employee's spouse,
 4.6 unmarried child who is under the age of ~~19~~ 25 years, ~~unmarried child under the age of 25~~
 4.7 ~~years who is a full-time student as defined in section 62A.301~~; dependent child of any age
 4.8 who is disabled and who meets the eligibility criteria in section 62A.14, subdivision 2,
 4.9 or any other person whom state or federal law requires to be treated as a dependent for
 4.10 purposes of health plans. For the purpose of this definition, a child includes a child for
 4.11 whom the employee or the employee's spouse has been appointed legal guardian and an
 4.12 adoptive child as provided in section 62A.27.

4.13 Sec. 4. Minnesota Statutes 2006, section 62Q.165, is amended to read:

4.14 **62Q.165 UNIVERSAL COVERAGE.**

4.15 Subdivision 1. **Definition.** It is the commitment of the state to achieve universal
 4.16 health coverage for all Minnesotans by the year 2011. Universal coverage is achieved
 4.17 when:

- 4.18 (1) every Minnesotan has access to a full range of quality health care services;
 4.19 (2) every Minnesotan is able to obtain affordable health coverage which pays for the
 4.20 full range of services, including preventive and primary care; and
 4.21 (3) every Minnesotan pays into the health care system according to that person's
 4.22 ability.

4.23 Subd. 2. **Goal.** It is the goal of the state to make continuous progress toward
 4.24 reducing the number of Minnesotans who do not have health coverage so that by January
 4.25 1, ~~2000~~ 2011, ~~fewer than four percent of the state's population will be without health~~
 4.26 ~~coverage~~ all Minnesota residents have access to affordable health coverage. The goal will
 4.27 be achieved by improving access to private health coverage through insurance reforms and
 4.28 market reforms, by making health coverage more affordable for low-income Minnesotans
 4.29 through purchasing pools and state subsidies, and by reducing the cost of health coverage
 4.30 through cost containment programs and methods of ensuring that all Minnesotans are
 4.31 paying into the system according to their ability.

4.32 Subd. 4. **Coverage required.** (a) In order to ensure that every Minnesotan receives
 4.33 cost-effective primary and preventive care services necessary to maintain health, has
 4.34 coverage to pay for needed treatment so that the costs are not shifted to other Minnesotans,

5.1 and pays a fair share of the cost of coverage and treatment, every Minnesotan is required
 5.2 to have health coverage that satisfies the minimum coverage requirements in section
 5.3 62Q.167. The parent or legal guardian of a minor child is required to maintain coverage
 5.4 for the child.

5.5 (b) All health plan companies are required to issue coverage to any individual or
 5.6 family that seeks coverage, as provided in section 62A.65, subdivision 1a.

5.7 (c) Individuals or families who are unable to pay the full costs of private health
 5.8 coverage due to income are eligible to receive a subsidy or tax credit or to enroll in
 5.9 MinnesotaCare, medical assistance, or general assistance medical care.

5.10 (d) The Minnesota Health Care Access Portal established under section 62Q.168
 5.11 shall provide information and assistance to Minnesotans regarding their responsibility to
 5.12 have health coverage and the options available to them. The portal shall contact uninsured
 5.13 individuals reported under section 62Q.166 to inform them of their responsibility and
 5.14 options and shall require these individuals to provide proof of health coverage within
 5.15 60 days.

5.16 **Sec. 5. ~~62Q.166~~ HEALTH COVERAGE FOR UNINSURED PERSONS.**

5.17 Subdivision 1. **Commissioner of commerce.** The commissioner of commerce
 5.18 shall identify individuals without health coverage and provide these individuals with
 5.19 information about Minnesota's coverage requirement and options for obtaining health
 5.20 coverage.

5.21 Subd. 2. **Employers.** All employers subject to chapter 268 must:

5.22 (1) collect additional income tax withholding, in the manner specified by the
 5.23 commissioner of revenue under subdivision 3;

5.24 (2) report to the Minnesota Health Care Access Portal, in the manner specified by
 5.25 the portal, the name, address, and telephone numbers of any employees who do not obtain
 5.26 health coverage through the employer and do not provide the employer with proof that
 5.27 coverage is maintained from another source; and

5.28 (3) offer a plan for pretax withholding and payment of employee health plan
 5.29 premiums and health expenses as authorized under section 125 of the Internal Revenue
 5.30 Code.

5.31 Subd. 3. **Commissioner of revenue.** The commissioner of revenue, in consultation
 5.32 with the commissioners of health and commerce, shall develop and administer a method
 5.33 for collecting information through the individual income tax return to determine whether a
 5.34 taxpayer, and any spouse or dependents, maintained the health coverage required by law
 5.35 and to assess an additional fair-share tax equivalent to the average premium charged by

6.1 the Minnesota Comprehensive Health Association for each individual, for each month
6.2 during which the required coverage was not maintained. The method must include a
6.3 process for employers to collect additional income tax withholding from employees who
6.4 do not obtain health coverage through the employer and do not provide the employer with
6.5 proof that coverage is maintained from another source. The collection methodology must
6.6 be tested and operational prior to the implementation of the guaranteed issue requirements
6.7 of section 62A.65.

6.8 Subd. 4. **Health care providers.** Any health care professional, institution, or facility
6.9 that is licensed by the state or a licensing board or is authorized to receive payments
6.10 from a health plan company or state or federal health care program, is required to report
6.11 to the Minnesota Health Care Portal the name, address, and telephone numbers of any
6.12 patient seeking treatment who does not have health coverage, within seven days of first
6.13 contact with the patient.

6.14 Subd. 5. **Health plan companies.** All health plan companies shall file with the
6.15 commissioner of commerce, at the time and in the format specified by the commissioner,
6.16 the names and other information required by the commissioner for all persons who were
6.17 enrolled in a health plan during a period specified by the commissioner. The commissioner
6.18 shall compare data on persons covered by health plan companies, state health care
6.19 programs, and public employers with drivers' license records, income tax records, or other
6.20 available sources of data to identify persons for whom there is no evidence of coverage,
6.21 and shall inform the Minnesota Health Care Access Portal.

6.22 **Sec. 6. [62Q.167] QUALIFIED MINIMUM COVERAGE.**

6.23 Subdivision 1. **Required offering.** All health plan companies must offer a health
6.24 plan that is designated as the basic health plan and that provides the coverage specified
6.25 in this section and satisfies all requirements of this section. Health plan companies may
6.26 offer additional health plans, in addition to the basic health plan, to the extent otherwise
6.27 authorized by law, provided that all health plans offered by the health plan company must
6.28 cover at least the mandated minimum coverage specified in this section and satisfy the
6.29 other requirements of this section.

6.30 Subd. 2. **Coverage of preventive services.** Notwithstanding any other law, the
6.31 basic health plan and all other health plans offered by a health plan company must cover
6.32 health education, health supervision including evaluation and follow-up, immunization,
6.33 and early disease detection, without a deductible. A co-payment may be charged for
6.34 services covered under this subdivision to the extent authorized by other laws. The

7.1 commissioner of commerce shall adopt rules specifying a maximum co-payment for these
7.2 services at an amount that will not impede access to these services.

7.3 Subd. 3. **Covered services.** The basic health plan must include all covered benefits
7.4 required by law, following submittal of recommendations by the commissioner of
7.5 commerce under section 13, subdivision 3.

7.6 Subd. 4. **Coverage of prescription drugs.** The basic health plan may have a drug
7.7 formulary and shall require substitution of generic equivalents when available.

7.8 Subd. 5. **Coverage of cost-effective services.** The commissioners of health and
7.9 commerce shall convene an expert advisory panel consisting of researchers, actuaries,
7.10 and other persons with experience and knowledge relating to the analysis of the cost
7.11 impact of coverage of specified benefits. The panel shall assess available research to
7.12 identify services which, if covered without a deductible and with minimum co-payments,
7.13 are likely to result in savings that are equal to or greater than the cost of providing the
7.14 service. Among other activities, the panel shall determine what preventive services
7.15 should be covered under section 62Q.167, subdivision 2, based on an analysis of the
7.16 recommendations of the United States Preventive Services Task Force and other relevant
7.17 research and analysis. The commissioners shall annually report on the panel's findings
7.18 to the governor and to the chairs of the house and senate committees with jurisdiction
7.19 over health care finance and policy and provide recommendations regarding whether
7.20 certain services shall be covered without a deductible and with a maximum co-payment
7.21 as determined by the commissioner under subdivision 2.

7.22 Subd. 6. **Maximum deductible.** No health plan may include an annual deductible
7.23 greater than \$10,000 per person.

7.24 Subd. 7. **Out-of-pocket maximum benefit.** No health plan may include an annual
7.25 out-of-pocket maximum greater than \$10,000 per person.

7.26 Subd. 8. **Lifetime maximum benefit.** No health plan may include a lifetime
7.27 maximum benefit.

7.28 Subd. 9. **Premiums.** Qualified minimum coverage plans are subject to the
7.29 underwriting and rating requirements of section 62L.08.

7.30 **Sec. 7. [62Q.168] MINNESOTA HEALTH CARE ACCESS PORTAL.**

7.31 Subdivision 1. **Creation; tax exemption.** The Minnesota Health Care Access
7.32 Portal is established as a public corporation to promote the public health and welfare of
7.33 the state of Minnesota. The corporation is exempt from the taxes imposed under chapter
7.34 297I and any other laws of this state, and all property owned by the association is exempt
7.35 from taxation.

8.1 Subd. 2. **Board of directors.** The board of directors of the corporation shall be
8.2 comprised of 12 members appointed by the governor, ten of whom must have expertise
8.3 in health plan administration, health plan marketing and outreach, health care benefit
8.4 development, actuarial analysis, or the provision of medical and other health care services,
8.5 and two of whom must be enrolled in a health plan offered through the individual market
8.6 and represent consumers.

8.7 Subd. 3. **General powers.** The corporation may:

8.8 (1) exercise the powers granted to insurers under the laws of this state;

8.9 (2) sue or be sued;

8.10 (3) enter into contracts with insurers, similar organizations in other states, or with
8.11 other persons for the performance of administrative functions; and

8.12 (4) establish administrative and accounting procedures for the operation of the
8.13 corporation.

8.14 Subd. 4. **Exemption from administrative procedures.** The corporation is exempt
8.15 from the rulemaking requirements of chapter 14, but to the extent authorized by law to
8.16 adopt rules, the corporation may use the provisions of section 14.386, paragraph (a),
8.17 clauses (1) and (3). Section 14.386, paragraph (b), does not apply to these rules.

8.18 Subd. 5. **Purpose.** The corporation's purpose is to improve access of individuals,
8.19 families, and employers to an array of private health insurance plans and to administer
8.20 public subsidies for eligible persons. The corporation shall provide information and
8.21 assistance on health plan options to persons seeking coverage. The corporation shall
8.22 administer subsidy programs authorized by law. The corporation shall receive information
8.23 about uninsured persons reported under section 62Q.166 and shall contact those persons,
8.24 inform them of their responsibility and options, and require them to provide proof of
8.25 coverage within 60 days.

8.26 Subd. 6. **Risk adjustment.** The corporation shall administer a risk-adjustment
8.27 mechanism to spread the risk of high-cost enrollees across all purchasers and health plan
8.28 companies.

8.29 Subd. 7. **Combining employer contributions.** The corporation shall administer
8.30 a program to enable persons and families who have access to more than one
8.31 employer-sponsored health plan to combine the multiple employer contributions toward
8.32 the purchase of a single health plan, to the extent permitted by law.

8.33 **EFFECTIVE DATE.** This section is effective July 1, 2007.

8.34 Sec. 8. Minnesota Statutes 2006, section 256L.07, subdivision 1, is amended to read:

9.1 Subdivision 1. **General requirements.** (a) Children enrolled in the original
9.2 children's health plan as of September 30, 1992, children who enrolled in the
9.3 MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549,
9.4 article 4, section 17, and children who have family gross incomes that are equal to or
9.5 less than 150 percent of the federal poverty guidelines are eligible without meeting
9.6 the requirements of subdivision 2 ~~and the four-month requirement in subdivision 3~~, as
9.7 long as they maintain continuous coverage in the MinnesotaCare program or medical
9.8 assistance. Children who apply for MinnesotaCare on or after the implementation date
9.9 of the employer-subsidized health coverage program as described in Laws 1998, chapter
9.10 407, article 5, section 45, who have family gross incomes that are equal to or less than 150
9.11 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to
9.12 be eligible for MinnesotaCare.

9.13 (b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose
9.14 income increases above 275 percent of the federal poverty guidelines, are no longer
9.15 eligible for the program and shall be disenrolled by the commissioner. Individuals enrolled
9.16 in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above
9.17 175 percent of the federal poverty guidelines are no longer eligible for the program and
9.18 shall be disenrolled by the commissioner. For persons disenrolled under this subdivision,
9.19 MinnesotaCare coverage terminates the last day of the calendar month following the
9.20 month in which the commissioner determines that the income of a family or individual
9.21 exceeds program income limits.

9.22 (c) Notwithstanding paragraph (b), children may remain enrolled in MinnesotaCare
9.23 if ten percent of their gross individual or gross family income as defined in section
9.24 256L.01, subdivision 4, is less than the premium for a six-month policy with a \$500
9.25 deductible available through the Minnesota Comprehensive Health Association. Children
9.26 who are no longer eligible for MinnesotaCare under this clause shall be given a 12-month
9.27 notice period from the date that ineligibility is determined before disenrollment. The
9.28 premium for children remaining eligible under this clause shall be the maximum premium
9.29 determined under section 256L.15, subdivision 2, paragraph (b).

9.30 (d) Notwithstanding paragraphs (b) and (c), parents are not eligible for
9.31 MinnesotaCare if gross household income exceeds \$25,000 for the six-month period
9.32 of eligibility.

9.33 Sec. 9. Minnesota Statutes 2006, section 256L.07, subdivision 3, is amended to read:

9.34 Subd. 3. **Other health coverage.** (a) Families and individuals enrolled in the
9.35 MinnesotaCare program must have no health coverage while enrolled ~~or for at least four~~

10.1 ~~months prior to application and renewal.~~ Children enrolled in the original children's health
 10.2 plan and children in families with income equal to or less than 150 percent of the federal
 10.3 poverty guidelines, who have other health insurance, are eligible if the coverage:

10.4 (1) lacks two or more of the following:

10.5 (i) basic hospital insurance;

10.6 (ii) medical-surgical insurance;

10.7 (iii) prescription drug coverage;

10.8 (iv) dental coverage; or

10.9 (v) vision coverage;

10.10 (2) requires a deductible of \$100 or more per person per year; or

10.11 (3) lacks coverage because the child has exceeded the maximum coverage for a
 10.12 particular diagnosis or the policy excludes a particular diagnosis.

10.13 The commissioner may change this eligibility criterion for sliding scale premiums
 10.14 in order to remain within the limits of available appropriations. The requirement of no
 10.15 health coverage does not apply to newborns.

10.16 (b) Medical assistance, general assistance medical care, and the Civilian Health and
 10.17 Medical Program of the Uniformed Service, CHAMPUS, or other coverage provided under
 10.18 United States Code, title 10, subtitle A, part II, chapter 55, are not considered insurance or
 10.19 health coverage for purposes of the four-month requirement described in this subdivision.

10.20 (c) For purposes of this subdivision, an applicant or enrollee who is entitled to
 10.21 Medicare Part A or enrolled in Medicare Part B coverage under title XVIII of the Social
 10.22 Security Act, United States Code, title 42, sections 1395c to 1395w-152, is considered to
 10.23 have health coverage. An applicant or enrollee who is entitled to premium-free Medicare
 10.24 Part A may not refuse to apply for or enroll in Medicare coverage to establish eligibility
 10.25 for MinnesotaCare.

10.26 (d) Applicants who were recipients of medical assistance or general assistance
 10.27 medical care within one month of application must meet the provisions of this subdivision
 10.28 and subdivision 2.

10.29 (e) Cost-effective health insurance that was paid for by medical assistance is not
 10.30 considered health coverage for purposes of the four-month requirement under this
 10.31 section, except if the insurance continued after medical assistance no longer considered it
 10.32 cost-effective or after medical assistance closed.

10.33 Sec. 10. Minnesota Statutes 2006, section 290.01, subdivision 19b, as amended by
 10.34 Laws 2007, chapter 1, section 2, is amended to read:

11.1 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
11.2 and trusts, there shall be subtracted from federal taxable income:

11.3 (1) net interest income on obligations of any authority, commission, or
11.4 instrumentality of the United States to the extent includable in taxable income for federal
11.5 income tax purposes but exempt from state income tax under the laws of the United States;

11.6 (2) if included in federal taxable income, the amount of any overpayment of income
11.7 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
11.8 is received as a refund or as a credit to another taxable year's income tax liability;

11.9 (3) the amount paid to others, less the amount used to claim the credit allowed under
11.10 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
11.11 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
11.12 transportation of each qualifying child in attending an elementary or secondary school
11.13 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
11.14 resident of this state may legally fulfill the state's compulsory attendance laws, which
11.15 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
11.16 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
11.17 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
11.18 "textbooks" includes books and other instructional materials and equipment purchased
11.19 or leased for use in elementary and secondary schools in teaching only those subjects
11.20 legally and commonly taught in public elementary and secondary schools in this state.
11.21 Equipment expenses qualifying for deduction includes expenses as defined and limited in
11.22 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
11.23 books and materials used in the teaching of religious tenets, doctrines, or worship, the
11.24 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
11.25 or materials for, or transportation to, extracurricular activities including sporting events,
11.26 musical or dramatic events, speech activities, driver's education, or similar programs. For
11.27 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
11.28 given in section 32(c)(3) of the Internal Revenue Code;

11.29 (4) income as provided under section 290.0802;

11.30 (5) to the extent included in federal adjusted gross income, income realized on
11.31 disposition of property exempt from tax under section 290.491;

11.32 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
11.33 of the Internal Revenue Code in determining federal taxable income by an individual
11.34 who does not itemize deductions for federal income tax purposes for the taxable year, an
11.35 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable

12.1 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code and
12.2 under the provisions of Public Law 109-1;

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

12.6 (8) for individuals who are allowed a federal foreign tax credit for taxes that do not
12.7 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
12.8 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
12.9 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
12.10 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
12.11 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
12.12 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
12.13 the extent they exceed the federal foreign tax credit;

12.14 (9) in each of the five tax years immediately following the tax year in which an
12.15 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case
12.16 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
12.17 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
12.18 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
12.19 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
12.20 positive value of any net operating loss under section 172 of the Internal Revenue Code
12.21 generated for the tax year of the addition. The resulting delayed depreciation cannot be
12.22 less than zero;

12.23 (10) job opportunity building zone income as provided under section 469.316;

12.24 (11) the amount of compensation paid to members of the Minnesota National Guard
12.25 or other reserve components of the United States military for active service performed
12.26 in Minnesota, excluding compensation for services performed under the Active Guard
12.27 Reserve (AGR) program. For purposes of this clause, "active service" means (i) state
12.28 active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally
12.29 funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal
12.30 active service as defined in section 190.05, subdivision 5c, but "active service" excludes
12.31 services performed exclusively for purposes of basic combat training, advanced individual
12.32 training, annual training, and periodic inactive duty training; special training periodically
12.33 made available to reserve members; and service performed in accordance with section
12.34 190.08, subdivision 3;

13.1 (12) the amount of compensation paid to Minnesota residents who are members
13.2 of the armed forces of the United States or United Nations for active duty performed
13.3 outside Minnesota;

13.4 (13) an amount, not to exceed \$10,000, equal to qualified expenses related to a
13.5 qualified donor's donation, while living, of one or more of the qualified donor's organs
13.6 to another person for human organ transplantation. For purposes of this clause, "organ"
13.7 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
13.8 "human organ transplantation" means the medical procedure by which transfer of a human
13.9 organ is made from the body of one person to the body of another person; "qualified
13.10 expenses" means unreimbursed expenses for both the individual and the qualified donor
13.11 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
13.12 may be subtracted under this clause only once; and "qualified donor" means the individual
13.13 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
13.14 individual may claim the subtraction in this clause for each instance of organ donation for
13.15 transplantation during the taxable year in which the qualified expenses occur;

13.16 (14) in each of the five tax years immediately following the tax year in which an
13.17 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a
13.18 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
13.19 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the
13.20 case of a shareholder of a corporation that is an S corporation, minus the positive value of
13.21 any net operating loss under section 172 of the Internal Revenue Code generated for the
13.22 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
13.23 subtraction is not allowed under this clause;

13.24 (15) to the extent included in federal taxable income, compensation paid to a
13.25 nonresident who is a service member as defined in United States Code, title 10, section
13.26 101(a)(5), for military service as defined in the Service Member Civil Relief Act, Public
13.27 Law 108-189, section 101(2); ~~and~~

13.28 (16) international economic development zone income as provided under section
13.29 469.325; and

13.30 (17) to the extent not deducted in computing or otherwise excluded from federal
13.31 taxable income or used to compute the credit under section 290.0672, amounts paid
13.32 during the taxable year for insurance as defined in section 213(d)(1)(D) of the Internal
13.33 Revenue Code.

13.34 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
13.35 December 31, 2006.

14.1 Sec. 11. **[290.0678] EXCESS HEALTH CARE COST CREDIT.**

14.2 Subdivision 1. **Credit allowed.** An individual is allowed a credit against the tax
 14.3 under this chapter equal to the amount by which the total paid by the individual for health
 14.4 care costs exceeds percent of the individual's income

14.5 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have
 14.6 the meanings given.

14.7 (b) "Income" has the meaning given in section 290.067, subdivision 2a.

14.8 (c) "Health care costs" means health plan premiums and co-payments and deductible
 14.9 amounts paid by the individual or spouse for covered health care services, drugs, devices,
 14.10 and equipment received by the individual, the individual's spouse, or the individual's
 14.11 dependent.

14.12 (d) "Dependent" has the meaning given in section 152(a) of the Internal Revenue
 14.13 Code.

14.14 Subd. 2. **Credit refundable.** If the amount of credit which a claimant is eligible
 14.15 to receive under this section exceeds the claimant's tax liability under this chapter, the
 14.16 commissioner shall refund the excess to the claimant.

14.17 Subd. 3. **Appropriation.** An amount sufficient to pay the refunds required by this
 14.18 section is annually appropriated to the commissioner from the general fund.

14.19 Subd. 4. **Right to credit.** The right to file a claim under this section shall be personal
 14.20 to the claimant and shall not survive death, but such right may be exercised on behalf of
 14.21 a claimant by the claimant's legal guardian or attorney-in-fact. When a claimant dies
 14.22 after having filed a timely claim, the amount of the claim shall be paid to the claimant's
 14.23 surviving spouse or dependent. If there is no surviving spouse or dependent, the claim may
 14.24 be paid to the claimant's personal representative, but if none is appointed and qualified
 14.25 within two years of the filing of the claim, the amount of the claim shall escheat to the state.

14.26 Sec. 12. Minnesota Statutes 2006, section 290.091, subdivision 2, is amended to read:

14.27 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following
 14.28 terms have the meanings given:

14.29 (a) "Alternative minimum taxable income" means the sum of the following for
 14.30 the taxable year:

14.31 (1) the taxpayer's federal alternative minimum taxable income as defined in section
 14.32 55(b)(2) of the Internal Revenue Code;

14.33 (2) the taxpayer's itemized deductions allowed in computing federal alternative
 14.34 minimum taxable income, but excluding:

15.1 (i) the charitable contribution deduction under section 170 of the Internal Revenue
15.2 Code:

15.3 (A) for taxable years beginning before January 1, 2006, to the extent that the
15.4 deduction exceeds 1.0 percent of adjusted gross income;

15.5 (B) for taxable years beginning after December 31, 2005, to the full extent of the
15.6 deduction.

15.7 For purposes of this clause, "adjusted gross income" has the meaning given in
15.8 section 62 of the Internal Revenue Code;

15.9 (ii) the medical expense deduction;

15.10 (iii) the casualty, theft, and disaster loss deduction; and

15.11 (iv) the impairment-related work expenses of a disabled person;

15.12 (3) for depletion allowances computed under section 613A(c) of the Internal
15.13 Revenue Code, with respect to each property (as defined in section 614 of the Internal
15.14 Revenue Code), to the extent not included in federal alternative minimum taxable income,
15.15 the excess of the deduction for depletion allowable under section 611 of the Internal
15.16 Revenue Code for the taxable year over the adjusted basis of the property at the end of the
15.17 taxable year (determined without regard to the depletion deduction for the taxable year);

15.18 (4) to the extent not included in federal alternative minimum taxable income, the
15.19 amount of the tax preference for intangible drilling cost under section 57(a)(2) of the
15.20 Internal Revenue Code determined without regard to subparagraph (E);

15.21 (5) to the extent not included in federal alternative minimum taxable income, the
15.22 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

15.23 (6) the amount of addition required by section 290.01, subdivision 19a, clauses
15.24 (7), (8), and (9);

15.25 less the sum of the amounts determined under the following:

15.26 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

15.27 (2) an overpayment of state income tax as provided by section 290.01, subdivision
15.28 19b, clause (2), to the extent included in federal alternative minimum taxable income;

15.29 (3) the amount of investment interest paid or accrued within the taxable year on
15.30 indebtedness to the extent that the amount does not exceed net investment income, as
15.31 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include
15.32 amounts deducted in computing federal adjusted gross income; and

15.33 (4) amounts subtracted from federal taxable income as provided by section 290.01,
15.34 subdivision 19b, clauses (9) to ~~(16)~~ (17).

15.35 In the case of an estate or trust, alternative minimum taxable income must be
15.36 computed as provided in section 59(c) of the Internal Revenue Code.

16.1 (b) "Investment interest" means investment interest as defined in section 163(d)(3)
16.2 of the Internal Revenue Code.

16.3 (c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable
16.4 income after subtracting the exemption amount determined under subdivision 3.

16.5 (d) "Regular tax" means the tax that would be imposed under this chapter (without
16.6 regard to this section and section 290.032), reduced by the sum of the nonrefundable
16.7 credits allowed under this chapter.

16.8 (e) "Net minimum tax" means the minimum tax imposed by this section.

16.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
16.10 December 31, 2006.

16.11 Sec. 13. **STUDIES AND REPORTS.**

16.12 **Subdivision 1. State subsidized health coverage.** The commissioner of human
16.13 services shall present to the legislature by December 15, 2008, a report, recommendations,
16.14 and proposed legislation for changing the MinnesotaCare program sliding scale premium
16.15 structure to allow a more gradual transition from subsidized coverage to unsubsidized
16.16 coverage as income increases.

16.17 **Subd. 2. Health plan risk adjustment task force.** The commissioner of commerce
16.18 shall convene a task force to identify a risk adjustment methodology that will provide for
16.19 the fair and equitable distribution of risk associated with the guaranteed issue requirement
16.20 of section 62A.65, subdivision 1a, across all purchasers and health plan companies. The
16.21 task force must include representatives of health plan companies that have experience in
16.22 risk adjustment and reinsurance programs. The risk adjustment methodology must be
16.23 operational prior to the implementation of the guaranteed issue requirement of section
16.24 62A.65, subdivision 1a. By December 15, 2008, the commissioner, after consulting
16.25 with the task force, shall present to the legislature by December 15, 2008, a report,
16.26 recommendations, and proposed legislation to establish a risk adjustment mechanism to be
16.27 administered by the Minnesota Health Care Access Portal. The proposed risk adjustment
16.28 mechanism must spread the risk of high-cost enrollees in qualified minimum coverage
16.29 plans specified in section 62Q.167 across all purchasers and health plan companies in a
16.30 market in which the qualified minimum coverage must be offered and made available on a
16.31 guaranteed issuance basis. Prior to submitting the report, the commissioner shall complete
16.32 financial analysis and modeling of the proposed mechanism.

16.33 **Subd. 3. Implementation plan.** The commissioner of commerce, in cooperation
16.34 with the commissioners of health, human services, employee relations, and revenue, shall
16.35 study and present to the legislature by December 15, 2008, a report, implementation plan,

17.1 and proposed legislation for the implementation of the health plan and insurance market
 17.2 changes specified in this act and the structure and duties of the Minnesota Health Care
 17.3 Access Portal. The commissioner shall include the following:

17.4 (1) the minimum benefit set that must be offered under qualified minimum coverage,
 17.5 to be developed in consultation with consumers, employers, labor unions, health
 17.6 plan companies, health care providers, public health agencies, and other persons and
 17.7 organizations as determined by the commissioner;

17.8 (2) a report on the implications, advantages, and disadvantages of combining the
 17.9 individual and group health plan markets; and

17.10 (3) an analysis of methods of enforcing the mandate on individuals to maintain
 17.11 health coverage and recommendations for improvements or additions to the enforcement
 17.12 methods specified in this article.

17.13 Subd. 4. **Affordability of health plan premiums.** The commissioner of health, in
 17.14 cooperation with the commissioners of commerce and human services, shall study and
 17.15 present recommendations to the legislature by December 15, 2007, on the maximum
 17.16 amount that an individual or household should be expected to pay in a calendar year in
 17.17 health plan premiums, deductibles, and co-payments before qualifying for subsidized
 17.18 coverage or an income tax credit under Minnesota Statutes, section 290.067.

17.19 Subd. 5. **Combining multiple employer contributions.** The commissioner of
 17.20 commerce shall study and provide a report and recommendations to the legislature by
 17.21 December 15, 2007, on methods for the Minnesota Health Care Access Portal to enable
 17.22 individuals and families to combine employer contributions and apply them toward the
 17.23 purchase of a single health plan.

17.24 Subd. 6. **Variable deductibles and co-payments based on income.** The
 17.25 commissioner of commerce shall conduct a study and provide a report and
 17.26 recommendations to the legislature by December 15, 2007, on the feasibility of requiring
 17.27 health plans to contain sliding scale deductibles and co-payments based on individual
 17.28 and family income.

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

17.30 Sec. 14. **APPROPRIATIONS.**

17.31 The following amounts are appropriated from the general fund to the respective
 17.32 commissioners or entities for the fiscal year beginning July 1, 2007, to implement this
 17.33 article:

17.34 (a) \$..... to the commissioner of health;

17.35 (b) \$..... to the commissioner of commerce;

- 18.1 (c) \$..... to the commissioner of human services;
- 18.2 (d) \$..... to the commissioner of revenue; and
- 18.3 (e) \$..... to the Minnesota Health Care Access Portal corporation.

18.4 Sec. 15. **REPEALER.**

18.5 Minnesota Statutes 2006, sections 62A.301; and 62A.65, subdivision 6, are repealed.

18.6 Sec. 16. **EFFECTIVE DATE.**

18.7 Except as otherwise provided, the sections of this article are effective 180 days after
18.8 the commissioner of commerce publishes in the state register the certification required by
18.9 this section and apply to coverage offered, sold, issued, or renewed on or after that date.

18.10 The certification must declare that the following requirements have been met:

18.11 (1) a statute is in effect requiring all residents of the state to have health care
18.12 coverage;

18.13 (2) state agencies have been identified and charged with the responsibility of
18.14 monitoring and enforcing compliance with the coverage requirement;

18.15 (3) the commissioner of revenue has certified to the governor and the appropriate
18.16 legislative committees that the collection methodology required under section 62Q.166
18.17 is operational; and

18.18 (4) the commissioner of commerce has certified to the governor and the chairs of the
18.19 house and senate committees with jurisdiction over health care financing and policy and
18.20 health insurance that an appropriate risk adjustment methodology is operational.

18.21 **ARTICLE 3**
18.22 **PROTECTING AND PROMOTING HEALTH**

18.23 Section 1. Minnesota Statutes 2006, section 120B.021, subdivision 1, is amended to
18.24 read:

18.25 Subdivision 1. **Required academic standards.** The following subject areas are
18.26 required for statewide accountability:

18.27 (1) language arts;

18.28 (2) mathematics;

18.29 (3) science;

18.30 (4) social studies, including history, geography, economics, and government and
18.31 citizenship;

18.32 (5) health and physical education, ~~for which locally developed academic standards~~
18.33 ~~apply~~; and

19.1 (6) the arts, for which statewide or locally developed academic standards apply, as
19.2 determined by the school district. Public elementary and middle schools must offer at least
19.3 three and require at least two of the following four arts areas: dance; music; theater; and
19.4 visual arts. Public high schools must offer at least three and require at least one of the
19.5 following five arts areas: media arts; dance; music; theater; and visual arts.

19.6 The commissioner must submit proposed standards in science and social studies to
19.7 the legislature by February 1, 2004.

19.8 For purposes of applicable federal law, the academic standards for language arts,
19.9 mathematics, and science apply to all public school students, except the very few students
19.10 with extreme cognitive or physical impairments for whom an individualized education
19.11 plan team has determined that the required academic standards are inappropriate.

19.12 An individualized education plan team that makes this determination must establish
19.13 alternative standards.

19.14 A school district, no later than the 2007-2008 school year, must adopt graduation
19.15 requirements that meet or exceed state graduation requirements established in law or
19.16 rule. A school district that incorporates these state graduation requirements before the
19.17 2007-2008 school year must provide students who enter the 9th grade in or before
19.18 the 2003-2004 school year the opportunity to earn a diploma based on existing locally
19.19 established graduation requirements in effect when the students entered the 9th grade.
19.20 District efforts to develop, implement, or improve instruction or curriculum as a result
19.21 of the provisions of this section must be consistent with sections 120B.10, 120B.11,
19.22 and 120B.20.

19.23 **EFFECTIVE DATE.** This section is effective the day following final enactment,
19.24 except that clause (5) applies to students entering the ninth grade in the 2008-2009 school
19.25 year and later.

19.26 Sec. 2. Minnesota Statutes 2006, section 120B.023, subdivision 2, is amended to read:

19.27 Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must
19.28 revise and appropriately embed technology and information literacy standards consistent
19.29 with recommendations from school media specialists into the state's academic standards
19.30 and graduation requirements and implement a review cycle for state academic standards
19.31 and related benchmarks, consistent with this subdivision. During each review cycle, the
19.32 commissioner also must examine the alignment of each required academic standard and
19.33 related benchmark with the knowledge and skills students need for college readiness and
19.34 advanced work in the particular subject area.

20.1 (b) The commissioner in the 2006-2007 school year must revise and align the state's
20.2 academic standards and high school graduation requirements in mathematics to require
20.3 that students satisfactorily complete the revised mathematics standards, beginning in the
20.4 2010-2011 school year. Under the revised standards:

20.5 (1) students must satisfactorily complete an algebra I credit by the end of eighth
20.6 grade; and

20.7 (2) students scheduled to graduate in the 2014-2015 school year or later must
20.8 satisfactorily complete an algebra II credit or its equivalent.

20.9 The commissioner also must ensure that the statewide mathematics assessments
20.10 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011
20.11 school year are aligned with the state academic standards in mathematics. The statewide
20.12 11th grade mathematics test administered to students under clause (2) beginning in
20.13 the 2013-2014 school year must include algebra II test items that are aligned with
20.14 corresponding state academic standards in mathematics. The commissioner must
20.15 implement a review of the academic standards and related benchmarks in mathematics
20.16 beginning in the 2015-2016 school year.

20.17 (c) The commissioner in the 2007-2008 school year must revise and align the state's
20.18 academic standards and high school graduation requirements in the arts to require that
20.19 students satisfactorily complete the revised arts standards beginning in the 2010-2011
20.20 school year. The commissioner must implement a review of the academic standards and
20.21 related benchmarks in arts beginning in the 2016-2017 school year.

20.22 (d) The commissioner in the 2008-2009 school year must revise and align the state's
20.23 academic standards and high school graduation requirements in science to require that
20.24 students satisfactorily complete the revised science standards, beginning in the 2011-2012
20.25 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
20.26 school year or later must satisfactorily complete a chemistry or physics credit. The
20.27 commissioner must implement a review of the academic standards and related benchmarks
20.28 in science beginning in the 2017-2018 school year.

20.29 (e) The commissioner in the 2009-2010 school year must revise and align the state's
20.30 academic standards and high school graduation requirements in language arts to require
20.31 that students satisfactorily complete the revised language arts standards beginning in the
20.32 2012-2013 school year. The commissioner must implement a review of the academic
20.33 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

20.34 (f) The commissioner in the 2010-2011 school year must revise and align the state's
20.35 academic standards and high school graduation requirements in social studies to require
20.36 that students satisfactorily complete the revised social studies standards beginning in the

21.1 2013-2014 school year. The commissioner must implement a review of the academic
21.2 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

21.3 (g) School districts and charter schools must revise and align local academic
21.4 standards and high school graduation requirements in ~~health, physical education,~~ world
21.5 languages; and career and technical education to require students to complete the revised
21.6 standards beginning in a school year determined by the school district or charter school.
21.7 School districts and charter schools must formally establish a periodic review cycle for
21.8 the academic standards and related benchmarks in ~~health, physical education,~~ world
21.9 languages; and career and technical education.

21.10 **EFFECTIVE DATE.** This section is effective the day following final enactment
21.11 and applies to students entering the ninth grade in the 2008-2009 school year and later.

21.12 Sec. 3. Minnesota Statutes 2006, section 120B.024, is amended to read:

21.13 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.**

21.14 (a) Students beginning 9th grade in the 2004-2005 school year and later must
21.15 successfully complete the following high school level course credits for graduation:

21.16 (1) four credits of language arts;

21.17 (2) three credits of mathematics, encompassing at least algebra, geometry, statistics,
21.18 and probability sufficient to satisfy the academic standard;

21.19 (3) three credits of science, including at least one credit in biology;

21.20 (4) three and one-half credits of social studies, encompassing at least United
21.21 States history, geography, government and citizenship, world history, and economics or
21.22 three credits of social studies encompassing at least United States history, geography,
21.23 government and citizenship, and world history, and one-half credit of economics taught in
21.24 a school's social studies, agriculture education, or business department;

21.25 (5) one credit in the arts; ~~and~~

21.26 (6) one-half credit in physical education and one-half credit in health education; and

21.27 (7) a minimum of ~~seven~~ six elective course credits.

21.28 A course credit is equivalent to a student successfully completing an academic
21.29 year of study or a student mastering the applicable subject matter, as determined by the
21.30 local school district.

21.31 (b) An agriculture science course may fulfill a science credit requirement in addition
21.32 to the specified science credits in biology and chemistry or physics under paragraph (a),
21.33 clause (3).

22.1 **EFFECTIVE DATE.** This section is effective the day following final enactment
 22.2 and applies to students entering the ninth grade in the 2008-2009 school year and later.

22.3 **Sec. 4. [121A.215] LOCAL SCHOOL WELLNESS.**

22.4 The commissioner of education shall evaluate local school wellness policies in
 22.5 order to understand the differences between policies, highlight innovation, and encourage
 22.6 improvement. The commissioner shall establish continuing education requirements for
 22.7 nutrition for school lunch program staff.

22.8 **Sec. 5. REPORT ON GAPS IN PUBLIC HEALTH SERVICES AND FUNDING.**

22.9 The commissioner of health shall conduct a comprehensive gap analysis of
 22.10 Minnesota's public health infrastructure, including governmental public health agency
 22.11 capacity, structure, and funding for activities that are required to provide essential public
 22.12 health services at the state and local public health level. The commissioner shall also
 22.13 inventory private sector capacity to collaborate with the government sector on public
 22.14 health initiatives. The commissioner shall submit a report and recommendations to the
 22.15 legislature by December 15, 2007, on how to achieve a more stable and reliable funding
 22.16 source for the public health system.

22.17 **Sec. 6. HEALTHY COMMUNITIES INITIATIVE.**

22.18 The commissioner of health shall administer grants and financial incentive programs
 22.19 to encourage communities to implement urban and community planning designs and
 22.20 templates that foster healthy lifestyles. By December 15, 2007, the commissioner shall
 22.21 submit a report to the governor and the legislature containing recommendations on the
 22.22 administration, funding, and requirements for the programs.

22.23 **Sec. 7. RULEMAKING AUTHORITY.**

22.24 The commissioner of education shall adopt rules under Minnesota Statutes, chapter
 22.25 14, for health and physical education standards required for high school graduation,
 22.26 consistent with Minnesota Statutes, section 120B.024.

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

22.28 **Sec. 8. APPROPRIATIONS.**

22.29 (a) \$..... is appropriated from the general fund to the commissioner of education for
 22.30 the fiscal year beginning July 1, 2007, to implement section 4.

23.1 (b) \$..... is appropriated from the general fund to the commissioner of health for the
 23.2 fiscal year beginning July 1, 2007, to implement sections 5 and 6.

23.3 **ARTICLE 4**

23.4 **HEALTH INFORMATION**

23.5 Section 1. Minnesota Statutes 2006, section 256B.0625, subdivision 3b, is amended to
 23.6 read:

23.7 Subd. 3b. **Telemedicine consultations.** Medical assistance covers telemedicine
 23.8 consultations. Telemedicine consultations must be made via two-way, interactive video
 23.9 or store-and-forward technology. Store-and-forward technology includes telemedicine
 23.10 consultations that do not occur in real time via synchronous transmissions, and that
 23.11 do not require a face-to-face encounter with the patient for all or any part of any such
 23.12 telemedicine consultation. The patient record must include a written opinion from the
 23.13 consulting physician providing the telemedicine consultation. ~~A communication between~~
 23.14 ~~two physicians that consists solely of a telephone conversation is not a telemedicine~~
 23.15 ~~consultation.~~ Coverage is limited to three telemedicine consultations per recipient per
 23.16 calendar week. Telemedicine consultations shall be paid at the full allowable rate.
 23.17 The commissioner shall develop policies for coverage of and payment for additional
 23.18 telemedicine services including patient communications by e-mail, teleconferencing,
 23.19 telephone consultations, and other virtual visits or consultations.

23.20 Sec. 2. **STATEWIDE INFORMATION EXCHANGE.**

23.21 The Minnesota health care connection is authorized to build a statewide information
 23.22 exchange, help organizers of local and regional data exchange efforts, and ensure that
 23.23 Minnesota's data exchange projects are consistent with national technology platforms
 23.24 and networks.

23.25 Sec. 3. **PAY-FOR-USE PROGRAMS.**

23.26 The commissioner of human services shall adopt pay-for-use programs that offer
 23.27 financial incentives to providers for the implementation and use of health care information
 23.28 technology in clinical practice. To be eligible for payments under this section, the
 23.29 information technology must meet national standards for interoperability, functionality,
 23.30 and security and provide clinicians with data upon which to improve the quality and
 23.31 safety of patient care.

23.32 Sec. 4. **APPROPRIATION.**

24.1 (a) \$..... is appropriated from the health care access fund to the commissioner of
24.2 health for the fiscal year ending June 30, 2008, to provide grants under Minnesota Statutes,
24.3 section 144.3345, to health care providers in rural and underserved communities for
24.4 interoperable and transferable health information technologies.

24.5 (b) \$..... for the fiscal year ending June 30, 2008, and \$..... for the fiscal year
24.6 ending June 30, 2009, are appropriated from the general fund to the commissioner of
24.7 human services for electronic health information pay-for-use programs.