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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. 2184

March 19, 2007

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

March 27, 2007

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Finance

1.1 A bill for an act
1.2 relating to health; modifying the medical education and research cost distribution
1.3 formula; appropriating money; amending Minnesota Statutes 2006, section
1.4 62J.692, subdivisions 1, 4, 7a, 8, 10.

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

1.6 Section 1. Minnesota Statutes 2006, section 62J.692, subdivision 1, is amended to read:

1.7 Subdivision 1. **Definitions.** For purposes of this section, the following definitions
1.8 apply:

1.9 (a) "Accredited clinical training" means the clinical training provided by a
1.10 medical education program that is accredited through an organization recognized by the
1.11 Department of Education, the Centers for Medicare and Medicaid Services, or another
1.12 national body who reviews the accrediting organizations for multiple disciplines and
1.13 whose standards for recognizing accrediting organizations are reviewed and approved by
1.14 the commissioner of health in consultation with the Medical Education and Research
1.15 Advisory Committee.

1.16 (b) "Commissioner" means the commissioner of health.

1.17 (c) "Clinical medical education program" means the accredited clinical training of
1.18 physicians (medical students and residents), doctor of pharmacy practitioners, doctors
1.19 of chiropractic, dentists, advanced practice nurses (clinical nurse specialists, certified
1.20 registered nurse anesthetists, nurse practitioners, and certified nurse midwives), and
1.21 physician assistants.

1.22 (d) "Sponsoring institution" means a hospital, school, or consortium located in
1.23 Minnesota that sponsors and maintains primary organizational and financial responsibility

2.1 for a clinical medical education program in Minnesota and which is accountable to the
2.2 accrediting body.

2.3 (e) "Teaching institution" means a hospital, medical center, clinic, or other
2.4 organization that conducts a clinical medical education program in Minnesota.

2.5 (f) "Trainee" means a student or resident involved in a clinical medical education
2.6 program.

2.7 (g) "Eligible trainee FTEs" means the number of trainees, as measured by full-time
2.8 equivalent counts, that are at training sites located in Minnesota with ~~a~~ currently
2.9 active medical assistance provider number enrollment status and a National Provider
2.10 Identification (NPI) number where training occurs in either an inpatient or ambulatory
2.11 patient care setting and where the training is funded, in part, by patient care revenues.

2.12 Sec. 2. Minnesota Statutes 2006, section 62J.692, subdivision 4, is amended to read:

2.13 Subd. 4. **Distribution of funds.** (a) The commissioner shall annually distribute
2.14 90 percent of ~~available medical education~~ funds transferred according to section
2.15 256B.69, subdivision 5c, paragraph (a), clause (1), to all qualifying applicants based on a
2.16 distribution formula that reflects a summation of two factors:

2.17 (1) an education factor, which is determined by the total number of eligible trainee
2.18 FTEs and the total statewide average costs per trainee, by type of trainee, in each clinical
2.19 medical education program; and

2.20 (2) a public program volume factor, which is determined by the total volume of
2.21 public program revenue received by each training site as a percentage of all public
2.22 program revenue received by all training sites in the fund pool.

2.23 In this formula, the education factor is weighted at 67 percent and the public program
2.24 volume factor is weighted at 33 percent.

2.25 Public program revenue for the distribution formula includes revenue from medical
2.26 assistance, prepaid medical assistance, general assistance medical care, and prepaid
2.27 general assistance medical care. Training sites that receive no public program revenue
2.28 are ineligible for funds available under this paragraph. Total statewide average costs per
2.29 trainee for medical residents is based on audited clinical training costs per trainee in
2.30 primary care clinical medical education programs for medical residents. Total statewide
2.31 average costs per trainee for dental residents is based on audited clinical training costs
2.32 per trainee in clinical medical education programs for dental students. Total statewide
2.33 average costs per trainee for pharmacy residents is based on audited clinical training costs
2.34 per trainee in clinical medical education programs for pharmacy students.

3.1 (b) The commissioner shall annually distribute ten percent of ~~total available medical~~
3.2 ~~education~~ funds transferred according to section 256B.69, subdivision 5c, paragraph (a),
3.3 clause (1), to all qualifying applicants based on the percentage received by each applicant
3.4 under paragraph (a). These funds are to be used to offset clinical education costs at
3.5 eligible clinical training sites based on criteria developed by the clinical medical education
3.6 program. Applicants may choose to distribute funds allocated under this paragraph based
3.7 on the distribution formula described in paragraph (a).

3.8 (c) The commissioner shall annually distribute \$5,000,000 of the funds dedicated
3.9 to the commissioner under section 297F.10, subdivision 1, clause (2), plus any federal
3.10 financial participation on these funds and on funds transferred under subdivision 10, to all
3.11 qualifying applicants based on a distribution formula that gives 100 percent weight to a
3.12 public program volume factor, which is determined by the total volume of public program
3.13 revenue received by each training site as a percentage of all public program revenue
3.14 received by all training sites in the fund pool. If federal approval is not obtained for
3.15 federal financial participation on any portion of funds distributed under this paragraph,
3.16 90 percent of the unmatched funds shall be distributed by the commissioner based on
3.17 the formula described in paragraph (a) and ten percent of the unmatched funds shall be
3.18 distributed by the commissioner based on the formula described in paragraph (b).

3.19 (d) The commissioner shall annually distribute \$3,060,000 of funds dedicated to the
3.20 commissioner under section 297F.10, subdivision 1, clause (2), through a formula giving
3.21 100 percent weight to an education factor, which is determined by the total number of
3.22 eligible trainee full-time equivalents and the total statewide average costs per trainee, by
3.23 type of trainee, in each clinical medical education program. If no matching funds are
3.24 received on funds distributed under paragraph (c), funds distributed under this paragraph
3.25 shall be distributed by the commissioner based on the formula described in paragraph (a).

3.26 (e) The commissioner shall annually distribute \$340,000 of funds dedicated to the
3.27 commissioner under section 297F.10, subdivision 1, clause (2), to all qualifying applicants
3.28 based on the percentage received by each applicant under paragraph (a). These funds are
3.29 to be used to offset clinical education costs at eligible clinical training sites based on
3.30 criteria developed by the clinical medical education program. Applicants may choose to
3.31 distribute funds allocated under this paragraph based on the distribution formula described
3.32 in paragraph (a). If no matching funds are received on funds distributed under paragraph
3.33 (c), funds distributed under this paragraph shall be distributed by the commissioner based
3.34 on the formula described in paragraph (b).

3.35 ~~(e)~~ (f) Funds distributed shall not be used to displace current funding appropriations
3.36 from federal or state sources.

4.1 ~~(d)~~(g) Funds shall be distributed to the sponsoring institutions indicating the amount
 4.2 to be distributed to each of the sponsor's clinical medical education programs based on
 4.3 the criteria in this subdivision and in accordance with the commissioner's approval letter.
 4.4 Each clinical medical education program must distribute funds allocated under paragraph
 4.5 (a) to the training sites as specified in the commissioner's approval letter. Sponsoring
 4.6 institutions, which are accredited through an organization recognized by the Department
 4.7 of Education or the Centers for Medicare and Medicaid Services, may contract directly
 4.8 with training sites to provide clinical training. To ensure the quality of clinical training,
 4.9 those accredited sponsoring institutions must:

4.10 (1) develop contracts specifying the terms, expectations, and outcomes of the clinical
 4.11 training conducted at sites; and

4.12 (2) take necessary action if the contract requirements are not met. Action may
 4.13 include the withholding of payments under this section or the removal of students from
 4.14 the site.

4.15 ~~(e)~~(h) Any funds not distributed in accordance with the commissioner's approval
 4.16 letter must be returned to the medical education and research fund within 30 days of
 4.17 receiving notice from the commissioner. The commissioner shall distribute returned funds
 4.18 to the appropriate training sites in accordance with the commissioner's approval letter.

4.19 ~~(f)~~(i) The commissioner shall distribute by June 30 of each year an amount equal to
 4.20 the funds transferred under subdivision 10, ~~plus five percent interest~~ to the University of
 4.21 Minnesota Board of Regents for the instructional costs of health professional programs
 4.22 at the Academic Health Center and for interdisciplinary academic initiatives within the
 4.23 Academic Health Center.

4.24 ~~(g)~~(j) A maximum of \$150,000 of the funds dedicated to the commissioner
 4.25 under section 297F.10, subdivision 1, ~~paragraph (b)~~, clause (2), may be used by the
 4.26 commissioner for administrative expenses associated with implementing this section.

4.27 Sec. 3. Minnesota Statutes 2006, section 62J.692, subdivision 7a, is amended to read:

4.28 Subd. 7a. **Clinical medical education innovations grants.** (a) The commissioner
 4.29 shall award grants to teaching institutions and clinical training sites for projects that
 4.30 increase dental access for underserved populations and promote innovative clinical
 4.31 training of dental professionals.

4.32 (b) The commissioner shall award grants to teaching institutions and clinical training
 4.33 sites for projects that increase mental health access for underserved populations, promote
 4.34 innovative clinical training of mental health professionals, increase the number of mental

5.1 health providers in rural or underserved areas, and promote the incorporation of patient
 5.2 safety principles into clinical medical education programs.

5.3 (c) In awarding the grants, the commissioner, in consultation with the commissioner
 5.4 of human services, shall consider the following:

5.5 (1) potential to successfully increase access to an underserved population;

5.6 (2) the long-term viability of the project to improve access beyond the period
 5.7 of initial funding;

5.8 (3) evidence of collaboration between the applicant and local communities;

5.9 (4) the efficiency in the use of the funding; ~~and~~

5.10 (5) the priority level of the project in relation to state clinical education, access,
 5.11 patient safety, and workforce goals; and

5.12 (6) the potential of the project to impact the number or distribution of the health
 5.13 care workforce.

5.14 ~~(b)~~ (d) The commissioner shall periodically evaluate the priorities in awarding the
 5.15 innovations grants in order to ensure that the priorities meet the changing workforce
 5.16 needs of the state.

5.17 Sec. 4. Minnesota Statutes 2006, section 62J.692, subdivision 8, is amended to read:

5.18 Subd. 8. **Federal financial participation.** (a) The commissioner of human
 5.19 services shall seek to maximize federal financial participation in payments for medical
 5.20 education and research costs. ~~If the commissioner of human services determines that~~
 5.21 ~~federal financial participation is available for the medical education and research, the~~
 5.22 ~~commissioner of health shall transfer to the commissioner of human services the amount~~
 5.23 ~~of state funds necessary to maximize the federal funds available. The amount transferred~~
 5.24 ~~to the commissioner of human services, plus the amount of federal financial participation,~~
 5.25 ~~shall be distributed to medical assistance providers in accordance with the distribution~~
 5.26 ~~methodology described in subdivision 4.~~

5.27 (b) For the purposes of paragraph (a), the commissioner shall use physician clinic
 5.28 rates where possible to maximize federal financial participation.

5.29 Sec. 5. Minnesota Statutes 2006, section 62J.692, subdivision 10, is amended to read:

5.30 Subd. 10. **Transfers from University of Minnesota.** Of the funds dedicated to the
 5.31 Academic Health Center under section 297F.10, subdivision 1, clause (1), \$4,850,000
 5.32 shall be transferred annually to the commissioner of health no later than April 15 of each
 5.33 year for distribution under subdivision 4, paragraph ~~(f)~~ (i).

6.1 Sec. 6. **MERC APPROPRIATIONS.**

6.2 \$8,000,000 is appropriated each fiscal year beginning July 1, 2007, from the general
6.3 fund to the commissioner of health for distribution of MERC grants as follows:

6.4 (1) \$5,000,000 according to Minnesota Statutes, section 62J.692, subdivision 4,
6.5 paragraph (c);

6.6 (2) \$900,000 according to Minnesota Statutes, section 62J.692, subdivision 4,
6.7 paragraph (d);

6.8 (3) \$100,000 according to Minnesota Statutes, section 62J.692, subdivision 4,
6.9 paragraph (e); and

6.10 (4) \$2,000,000 according to Minnesota Statutes, section 62J.692, subdivision 7a,
6.11 paragraph (b).