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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 2748

February 12, 2008

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The bill was read for the first time and referred to the Committee on Finance

May 7, 2008

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to health; establishing oversight for rural health cooperative; requiring
1.3 the administrative services unit to apportion the amount necessary to purchase
1.4 medical professional liability insurance coverage and authorizing fees to be
1.5 adjusted to compensate for the apportioned amount; appropriating money;
1.6 amending Minnesota Statutes 2006, section 214.40, by adding a subdivision;
1.7 proposing coding for new law in Minnesota Statutes, chapter 62R.

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

1.9 Section 1. **[62R.09] RURAL HEALTH COOPERATIVE CONTRACT**
1.10 **OVERSIGHT.**

1.11 Subdivision 1. **Review and approval; monitoring.** (a) The commissioner shall
1.12 establish criteria and procedures to review and authorize contracts and business or
1.13 financial arrangements under section 62R.06, subdivision 1. All contracts and business
1.14 or financial arrangements must be submitted on an application for approval to the
1.15 commissioner. The commissioner shall not deny any application unless the commissioner
1.16 determines that the proposed arrangement is likely to result in higher health care costs
1.17 or diminished access to or quality of health care than would occur in the competitive
1.18 marketplace. The cost of developing the criteria and procedures, as determined by the
1.19 commissioner and notwithstanding section 16A.1283, shall be paid by health provider
1.20 cooperatives operating under this chapter.

1.21 (b) Within 30 days after receiving an application, the commissioner may request
1.22 additional information that is necessary to complete the review required under this section.
1.23 If the commissioner does not request additional information and does not act within 60
1.24 days after receipt of an application, the application shall be deemed approved if the
1.25 commissioner does not act within 60 days of receiving the additional information.

2.1 (c) The commissioner may condition approval of a proposed arrangement on a
2.2 modification of all or part of the arrangement to eliminate any restriction on competition
2.3 that is not reasonably related to the goals of improving health care access or quality. The
2.4 commissioner may also establish conditions for approval that are reasonably necessary
2.5 to protect against abuses of private economic power and to ensure that the arrangement
2.6 has oversight by the state.

2.7 (d) The commissioner shall monitor arrangements approved under this section
2.8 to ensure that the arrangement remains in compliance with the conditions of approval.
2.9 The commissioner may revoke an approval upon a finding that the arrangement is not in
2.10 substantial compliance with the terms of the application or the conditions of approval.

2.11 Subd. 2. **Applications.** Applications for approval under this section must describe
2.12 the proposed arrangement in detail. The application must include: the identities of all the
2.13 parties to the arrangement; the intent of the arrangement; the expected outcome of the
2.14 arrangement; and an explanation of how the arrangement will improve access or quality of
2.15 care. The commissioner may ask the attorney general to comment on an application, but
2.16 the application and any information obtained by the commissioner under this section is
2.17 not admissible in any proceeding brought by the attorney general based on antitrust law.
2.18 Data on providers collected under this section are private data on individuals or nonpublic
2.19 data, as defined in section 13.02.

2.20 Subd. 3. **Application fee.** When submitting an application to the commissioner, a
2.21 health care cooperative shall pay a fee of \$2,000 for the commissioner's cost of reviewing
2.22 and monitoring the arrangement.

2.23 Subd. 4. **Appropriation.** Money received by the commissioner under this section
2.24 shall be deposited into a revolving fund and is appropriated to the commissioner of health
2.25 for the purpose of administering this section.

2.26 Sec. 2. Minnesota Statutes 2006, section 214.40, is amended by adding a subdivision
2.27 to read:

2.28 Subd. 8. **Fee adjustment.** The administrative services unit shall apportion between
2.29 the Board of Medical Practice, the Board of Dentistry, and the Board of Nursing an
2.30 amount to be raised through fees by the respective board. The amount apportioned to each
2.31 board shall be the total amount expended on medical professional liability insurance
2.32 coverage purchased for the providers regulated by the respective board. The respective
2.33 board may adjust the fees in which the board is required to collect to compensate for the
2.34 amount apportioned to the board by the administrative services unit.

3.1 Sec. 3. **APPROPRIATION.**

3.2 \$65,000 is appropriated in the fiscal year beginning July 1, 2008, from the
3.3 state government special revenue fund to the administrative services unit to pay for
3.4 medical professional liability insurance coverage required under Minnesota Statutes,
3.5 section 214.40. This appropriation shall become part of the base appropriation for
3.6 the administrative services unit and shall be annually adjusted based on the cost of the
3.7 coverage purchased to comply with Minnesota Statutes, section 214.40.