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HOUSE FILE NO. 266

FIRST COMMITTEE ENGROSSMENT

January 26, 2009

Authored by Fritz; Loeffler; Murphy, E.; Bly and Abeler

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

Referred by Chair to Health Care and Human Services Finance Division.

April 14, 2009

Returned to the Committee on Finance as Amended.

1.1 A bill for an act
1.2 relating to human services; modifying parental fees for services for persons
1.3 with developmental disabilities; amending Minnesota Statutes 2008, section
1.4 252.27, subdivision 2a.

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

1.6 Section 1. Minnesota Statutes 2008, section 252.27, subdivision 2a, is amended to read:

1.7 Subd. 2a. **Contribution amount.** (a) The natural or adoptive parents of a minor
1.8 child, including a child determined eligible for medical assistance without consideration of
1.9 parental income, must contribute to the cost of services used by making monthly payments
1.10 on a sliding scale based on income, unless the child is married or has been married,
1.11 parental rights have been terminated, or the child's adoption is subsidized according to
1.12 section 259.67 or through title IV-E of the Social Security Act. The parental contribution
1.13 is a partial or full payment for medical services provided for diagnostic, therapeutic,
1.14 curing, treating, mitigating, rehabilitation, maintenance, and personal care services as
1.15 defined in United States Code, title 26, section 213, needed by the child with a chronic
1.16 illness or disability.

1.17 (b) For households with adjusted gross income equal to or greater than 100 percent
1.18 of federal poverty guidelines, the parental contribution shall be computed by applying the
1.19 following schedule of rates to the adjusted gross income of the natural or adoptive parents:

1.20 (1) if the adjusted gross income is equal to or greater than 100 percent of federal
1.21 poverty guidelines and less than 175 percent of federal poverty guidelines, the parental
1.22 contribution is \$4 per month;

1.23 (2) if the adjusted gross income is equal to or greater than 175 percent of federal
1.24 poverty guidelines and less than or equal to 545 percent of federal poverty guidelines,

2.1 the parental contribution shall be determined using a sliding fee scale established by the
2.2 commissioner of human services which begins at one percent of adjusted gross income
2.3 at 175 percent of federal poverty guidelines and increases to 7.5 percent of adjusted
2.4 gross income for those with adjusted gross income up to 545 percent of federal poverty
2.5 guidelines;

2.6 (3) if the adjusted gross income is greater than 545 percent of federal poverty
2.7 guidelines and less than 675 percent of federal poverty guidelines, the parental
2.8 contribution shall be 7.5 percent of adjusted gross income;

2.9 (4) if the adjusted gross income is equal to or greater than 675 percent of federal
2.10 poverty guidelines and less than 975 percent of federal poverty guidelines, the parental
2.11 contribution shall be determined using a sliding fee scale established by the commissioner
2.12 of human services which begins at 7.5 percent of adjusted gross income at 675 percent of
2.13 federal poverty guidelines and increases to ten percent of adjusted gross income for those
2.14 with adjusted gross income up to 975 percent of federal poverty guidelines; and

2.15 (5) if the adjusted gross income is equal to or greater than 975 percent of federal
2.16 poverty guidelines, the parental contribution shall be 12.5 percent of adjusted gross
2.17 income.

2.18 If the child lives with the parent, the annual adjusted gross income is reduced by
2.19 \$2,400 prior to calculating the parental contribution. If the child resides in an institution
2.20 specified in section 256B.35, the parent is responsible for the personal needs allowance
2.21 specified under that section in addition to the parental contribution determined under this
2.22 section. The parental contribution is reduced by any amount required to be paid directly to
2.23 the child pursuant to a court order, but only if actually paid.

2.24 (c) The household size to be used in determining the amount of contribution under
2.25 paragraph (b) includes natural and adoptive parents and their dependents, including the
2.26 child receiving services. Adjustments in the contribution amount due to annual changes
2.27 in the federal poverty guidelines shall be implemented on the first day of July following
2.28 publication of the changes.

2.29 (d) For purposes of paragraph (b), "income" means the adjusted gross income of the
2.30 natural or adoptive parents determined according to the previous year's federal tax form,
2.31 except, effective retroactive to July 1, 2003, taxable capital gains to the extent the funds
2.32 have been used to purchase a home shall not be counted as income.

2.33 (e) The contribution shall be explained in writing to the parents at the time eligibility
2.34 for services is being determined. The contribution shall be made on a monthly basis
2.35 effective with the first month in which the child receives services. Annually upon
2.36 redetermination or at termination of eligibility, if the contribution exceeded the cost of

3.1 services provided, the local agency or the state shall reimburse that excess amount to
3.2 the parents, either by direct reimbursement if the parent is no longer required to pay
3.3 a contribution, or by a reduction in or waiver of parental fees until the excess amount
3.4 is exhausted. All reimbursements must include a notice that the amount reimbursed is
3.5 taxable income if the parent paid for the parent's fees through an employer's health care
3.6 flexible spending account under the Internal Revenue Code, section 125, and that the
3.7 parent is responsible for paying the taxes owed on the amount reimbursed.

3.8 (f) The monthly contribution amount must be reviewed at least every 12 months;
3.9 when there is a change in household size; and when there is a loss of or gain in income
3.10 from one month to another in excess of ten percent. The local agency shall mail a written
3.11 notice 30 days in advance of the effective date of a change in the contribution amount.
3.12 A decrease in the contribution amount is effective in the month that the parent verifies a
3.13 reduction in income or change in household size.

3.14 (g) Parents of a minor child who do not live with each other shall each pay the
3.15 contribution required under paragraph (a). An amount equal to the annual court-ordered
3.16 child support payment actually paid on behalf of the child receiving services shall be
3.17 deducted from the adjusted gross income of the parent making the payment prior to
3.18 calculating the parental contribution under paragraph (b).

3.19 (h) The contribution under paragraph (b) shall be increased by an additional five
3.20 percent if the local agency determines that insurance coverage is available but not
3.21 obtained for the child. For purposes of this section, "available" means the insurance is a
3.22 benefit of employment for a family member at an annual cost of no more than five percent
3.23 of the family's annual income. For purposes of this section, "insurance" means health
3.24 and accident insurance coverage, enrollment in a nonprofit health service plan, health
3.25 maintenance organization, self-insured plan, or preferred provider organization.

3.26 Parents who have more than one child receiving services shall not be required
3.27 to pay more than the amount for the child with the highest expenditures. There shall
3.28 be no resource contribution from the parents. The parent shall not be required to pay
3.29 a contribution in excess of the cost of the services provided to the child, not counting
3.30 payments made to school districts for education-related services. Notice of an increase in
3.31 fee payment must be given at least 30 days before the increased fee is due.

3.32 (i) The contribution under paragraph (b) shall be reduced by \$300 per fiscal year if,
3.33 in the 12 months prior to July 1:

- 3.34 (1) the parent applied for insurance for the child;
3.35 (2) the insurer denied insurance;

4.1 (3) the parents submitted a complaint or appeal, in writing to the insurer, submitted
4.2 a complaint or appeal, in writing, to the commissioner of health or the commissioner of
4.3 commerce, or litigated the complaint or appeal; and

4.4 (4) as a result of the dispute, the insurer reversed its decision and granted insurance.

4.5 For purposes of this section, "insurance" has the meaning given in paragraph (h).

4.6 A parent who has requested a reduction in the contribution amount under this
4.7 paragraph shall submit proof in the form and manner prescribed by the commissioner or
4.8 county agency, including, but not limited to, the insurer's denial of insurance, the written
4.9 letter or complaint of the parents, court documents, and the written response of the insurer
4.10 approving insurance. The determinations of the commissioner or county agency under this
4.11 paragraph are not rules subject to chapter 14.

4.12 **EFFECTIVE DATE.** This section is effective upon notice from the commissioner
4.13 of the Minnesota Management and Budget Department to the commissioner of
4.14 the Department of Human Services that the parent fee, as amended, qualifies for
4.15 reimbursement through an employer's health care flexible spending account under the
4.16 Internal Revenue Code, section 125.