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HOUSE FILE No. 1728

FIRST COMMITTEE ENGROSSMENT

March 16, 2009

Authored by Loeffler and Hosch

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

March 25, 2009

Committee Recommendation and Adoption of Report:

To Pass as Amended and re-referred to the Early Childhood Finance and Policy Division

April 1, 2009

Committee Recommendation and Adoption of Report:

To Pass and re-referred to the Committee on Finance

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

April 29, 2009

Returned to the Committee on Finance as Amended.

1.1 A bill for an act
1.2 relating to human services; amending child care programs, program integrity, and
1.3 adult supports including general assistance medical care and group residential
1.4 housing; amending Minnesota Statutes 2008, sections 119B.011, subdivision
1.5 3; 119B.08, subdivision 2; 119B.09, subdivision 1; 119B.12, subdivision 1;
1.6 119B.13, subdivision 6; 119B.15; 119B.231, subdivision 3; 256.014, subdivision
1.7 1; 256.0471, subdivision 1, by adding a subdivision; 256D.01, subdivision 1b;
1.8 256D.44, subdivision 3; 256I.04, subdivisions 2a, 3; 256I.05, subdivision 1k.

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

1.10 **ARTICLE 1**
1.11 **CHILD CARE**

1.12 Section 1. Minnesota Statutes 2008, section 119B.011, subdivision 3, is amended to
1.13 read:

1.14 Subd. 3. **Application.** "Application" means the submission to a county agency, by
1.15 or on behalf of a family, of a completed, signed, and dated:

1.16 (1) child care assistance universal application form that indicates the family's desire
1.17 to receive assistance; or

1.18 (2) child care addendum form in combination with a combined application form
1.19 for MFIP, DWP, or food support.

1.20 Sec. 2. Minnesota Statutes 2008, section 119B.08, subdivision 2, is amended to read:

1.21 Subd. 2. **Quarterly Monthly payments.** ~~The commissioner may make payments~~
1.22 ~~to each county in quarterly installments. The commissioner may certify an advance~~
1.23 ~~up to 25 percent of the allocation. Subsequent~~ The commissioner shall make monthly
1.24 payments shall be made on a reimbursement basis for reported expenditures and may be

2.1 ~~adjusted for anticipated spending patterns reported outside of the electronic system used to~~
2.2 ~~administer child care assistance.~~ Payments may be withheld if ~~quarterly~~ monthly reports
2.3 are incomplete or untimely.

2.4 Sec. 3. Minnesota Statutes 2008, section 119B.09, subdivision 1, is amended to read:

2.5 Subdivision 1. **General eligibility requirements for all applicants for child**
2.6 **care assistance.** (a) Child care services must be available to families who need child
2.7 care to find or keep employment or to obtain the training or education necessary to find
2.8 employment and who:

2.9 (1) have household income less than or equal to 67 percent of the state median
2.10 income, adjusted for family size, and meet the requirements of section 119B.05; receive
2.11 MFIP assistance; and are participating in employment and training services under chapter
2.12 256J; or

2.13 (2) have household income less than or equal to 47 percent of the state median
2.14 income, adjusted for family size, at program entry and less than or equal to 67 percent of
2.15 the state median income, adjusted for family size, at program exit.

2.16 (b) Child care services must be made available as in-kind services.

2.17 (c) All applicants for child care assistance and families currently receiving child care
2.18 assistance must be assisted and required to cooperate in establishment of paternity and
2.19 enforcement of child support obligations for all children in the family as a condition
2.20 of program eligibility. For purposes of this section, a family is considered to meet the
2.21 requirement for cooperation when the family complies with the requirements of section
2.22 256.741.

2.23 Sec. 4. Minnesota Statutes 2008, section 119B.12, subdivision 1, is amended to read:

2.24 Subdivision 1. **Fee schedule.** ~~In setting the sliding fee schedule, the commissioner~~
2.25 ~~shall exclude from the amount of income used to determine eligibility an amount for~~
2.26 ~~federal and state income and Social Security taxes attributable to that income level~~
2.27 ~~according to federal and state standardized tax tables. The commissioner shall base the~~
2.28 ~~parent fee on the ability of the family to pay for child care. The fee schedule must be~~
2.29 ~~designed to use any available tax credits. All changes to parent fees must be implemented~~
2.30 on the first Monday of the service period following the effective date of the change.

2.31 PARENT FEE SCHEDULE. The parent fee schedule is as follows, except as noted
2.32 in subdivision 2:

	Income Range (as a percent of the state median income, except at the start of the first tier)	Co-payment (as a percentage of adjusted gross income)
3.4	0-74.99% of federal poverty guidelines	\$0/month
3.5	75.00-99.99% of federal poverty guidelines	\$5/month
3.6	100.00% of federal poverty	
3.7	guidelines-27.72%	2.61%
3.8	27.73-29.04%	2.61%
3.9	29.05-30.36%	2.61%
3.10	30.37-31.68%	2.61%
3.11	31.69-33.00%	2.91%
3.12	33.01-34.32%	2.91%
3.13	34.33-35.65%	2.91%
3.14	35.66-36.96%	2.91%
3.15	36.97-38.29%	3.21%
3.16	38.30-39.61%	3.21%
3.17	39.62-40.93%	3.21%
3.18	40.94-42.25%	3.84%
3.19	42.26-43.57%	3.84%
3.20	43.58-44.89%	4.46%
3.21	44.90-46.21%	4.76%
3.22	46.22-47.53%	5.05%
3.23	47.54-48.85%	5.65%
3.24	48.86-50.17%	5.95%
3.25	50.18-51.49%	6.24%
3.26	51.50-52.81%	6.84%
3.27	52.82-54.13%	7.58%
3.28	54.14-55.45%	8.33%
3.29	55.46-56.77%	9.20%
3.30	56.78-58.09%	10.07%
3.31	58.10-59.41%	10.94%
3.32	59.42-60.73%	11.55%
3.33	60.74-62.06%	12.16%
3.34	62.07-63.38%	12.77%
3.35	63.39-64.70%	13.38%
3.36	64.71-66.99%	14.00%
3.37	67.00%	ineligible

3.38 A family's monthly co-payment fee is the fixed percentage established for the
 3.39 income range multiplied by the highest possible income within that income range.

3.40 Sec. 5. Minnesota Statutes 2008, section 119B.13, subdivision 6, is amended to read:

3.41 Subd. 6. **Provider payments.** ~~(a) Counties or the state shall make vendor payments~~
 3.42 ~~to the child care provider or pay the parent directly for eligible child care expenses.~~

4.1 ~~(b) If payments for child care assistance are made to providers,~~ (a) The provider
 4.2 shall bill ~~the county~~ for services provided within ten days of the end of the service period.
 4.3 If bills are submitted within ten days of the end of the service period, ~~a county or the state~~
 4.4 ~~shall issue payment to the provider of child care payments~~ under the child care fund shall
 4.5 be made within 30 days of receiving a bill from the provider. Counties or the state may
 4.6 establish policies that make payments on a more frequent basis.

4.7 ~~(e)~~ (b) All bills must be submitted within 60 days of the last date of service on the
 4.8 bill. ~~A county may pay~~ A bill submitted more than 60 days after the last date of service
 4.9 must be paid if the county determines that the provider shows ~~shows~~ has shown good cause why
 4.10 the bill was not submitted within 60 days. Good cause must be defined in the county's
 4.11 child care fund plan under section 119B.08, subdivision 3, and the definition of good cause
 4.12 must include county error. ~~A county may not pay~~ Any bill submitted more than a year
 4.13 after the last date of service on the bill must not be paid.

4.14 ~~(d)~~ (c) A county may stop payment issued to a provider or may refuse to pay a
 4.15 bill submitted by a provider if:

4.16 (1) the provider admits to intentionally giving the county materially false information
 4.17 on the provider's billing forms; or

4.18 (2) a county finds by a preponderance of the evidence that the provider intentionally
 4.19 gave the county materially false information on the provider's billing forms.

4.20 ~~(e)~~ (d) A county's payment policies must be included in the county's child care plan
 4.21 under section 119B.08, subdivision 3. If payments are made by the state, in addition to
 4.22 being in compliance with this subdivision, the payments must be made in compliance
 4.23 with section 16A.124.

4.24 Sec. 6. Minnesota Statutes 2008, section 119B.15, is amended to read:

4.25 **119B.15 ADMINISTRATIVE EXPENSES.**

4.26 The commissioner shall use up to 1/21 of the state and federal funds available for
 4.27 the basic sliding fee program and 1/21 of the state and federal funds available for the
 4.28 MFIP child care program for payments to counties for administrative expenses. The
 4.29 commissioner shall make monthly payments to each county based on direct service
 4.30 expenditures. Payments may be withheld if monthly reports are incomplete or untimely.

4.31 Sec. 7. Minnesota Statutes 2008, section 119B.231, subdivision 3, is amended to read:

4.32 Subd. 3. **Family and child eligibility.** (a) A family eligible to choose an SRSA
 4.33 provider for their children shall:

5.1 (1) be eligible to receive child care assistance under any provision in chapter 119B
5.2 except section 119B.035;

5.3 (2) be in an authorized activity for an average of at least 35 hours per week when
5.4 initial eligibility is determined; and

5.5 (3) include a child who has not yet entered kindergarten.

5.6 (b) A family who is determined to be eligible to choose an SRSA provider remains
5.7 eligible to be paid at a higher rate through the SRSA provider when the following
5.8 conditions exist:

5.9 (1) the child attends child care with the SRSA provider a minimum of 25 hours per
5.10 week, on average;

5.11 (2) the family has a child who has not yet entered kindergarten; and

5.12 (3) the family maintains eligibility under chapter 119B except section 119B.035.

5.13 (c) ~~For the 12 months~~ After initial eligibility has been determined, a decrease in
5.14 the family's authorized activities to an average of less than 35 hours per week does not
5.15 result in ineligibility for the SRSA rate.

5.16 (d) A family that moves between counties but continues to use the same SRSA
5.17 provider shall continue to receive SRSA funding for the increased payments.

5.18 ARTICLE 2

5.19 PROGRAM INTEGRITY

5.20 Section 1. Minnesota Statutes 2008, section 256.014, subdivision 1, is amended to read:

5.21 Subdivision 1. **Establishment of systems.** (a) The commissioner of human services
5.22 shall establish and enhance computer systems necessary for the efficient operation of the
5.23 programs the commissioner supervises, including:

5.24 (1) management and administration of the food stamp, food support, and income
5.25 maintenance programs, including the electronic distribution of benefits;

5.26 (2) management and administration of the child support enforcement program; and

5.27 (3) administration of medical assistance and general assistance medical care.

5.28 (b) The commissioner's development costs incurred by computer systems for
5.29 statewide programs administered by that computer system and mandated by state or
5.30 federal law must not be assessed against county agencies. The commissioner may
5.31 charge a county for development and operating costs incurred by computer systems for
5.32 functions requested by the county and not mandated by state or federal law for programs
5.33 administered by the computer system incurring the cost.

5.34 (c) The commissioner shall distribute the nonfederal share of the costs of operating
5.35 and maintaining the systems to the commissioner and to the counties participating in the

6.1 system in a manner that reflects actual system usage, except that the nonfederal share of
6.2 the costs of the MAXIS computer system and child support enforcement systems for
6.3 statewide programs administered by those systems and mandated by state or federal law
6.4 shall be borne entirely by the commissioner. ~~Development costs must not be assessed~~
6.5 ~~against county agencies.~~

6.6 The commissioner may enter into contractual agreements with federally recognized
6.7 Indian tribes with a reservation in Minnesota to participate in state-operated computer
6.8 systems related to the management and administration of the food stamp, food support,
6.9 income maintenance, child support enforcement, and medical assistance and general
6.10 assistance medical care programs to the extent necessary for the tribe to operate a federally
6.11 approved family assistance program or any other program under the supervision of the
6.12 commissioner.

6.13 Sec. 2. Minnesota Statutes 2008, section 256.0471, subdivision 1, is amended to read:

6.14 Subdivision 1. **Qualifying overpayment.** Any overpayment for assistance granted
6.15 under chapter 119B, the MFIP program formerly codified under sections 256.031 to
6.16 256.0361, and the AFDC program formerly codified under sections 256.72 to 256.871;
6.17 chapters 256B for state-funded medical assistance, 256D, 256I, 256J, and 256K, and 256L
6.18 for state-funded MinnesotaCare; and the food stamp or food support program, except
6.19 agency error claims, become a judgment by operation of law 90 days after the notice of
6.20 overpayment is personally served upon the recipient in a manner that is sufficient under
6.21 rule 4.03(a) of the Rules of Civil Procedure for district courts, or by certified mail, return
6.22 receipt requested. This judgment shall be entitled to full faith and credit in this and any
6.23 other state.

6.24 Sec. 3. Minnesota Statutes 2008, section 256.0471, is amended by adding a subdivision
6.25 to read:

6.26 Subd. 6a. **Administrative renewal of overpayment judgments.** Overpayment
6.27 judgments may be renewed by service of notice upon the debtor. Service must be by first
6.28 class mail at the last known address of the debtor, with service deemed complete upon
6.29 mailing in that manner designated, or in the manner provided for the service of civil
6.30 process. Upon filing of the notice and proof of service, the court administrator shall
6.31 administratively renew the judgment for the overpayment without any additional filing
6.32 fee in the same court file as the original overpayment judgment. The judgment must be
6.33 renewed in an amount equal to the unpaid principle plus the accrued unpaid interest.
6.34 Overpayment judgments may be renewed multiple times until satisfied.

ARTICLE 3

ADULT SUPPORTS

7.1
7.2

7.3 Section 1. Minnesota Statutes 2008, section 256D.01, subdivision 1b, is amended to
7.4 read:

7.5 Subd. 1b. **Rules.** The commissioner shall adopt rules to set standards of assistance
7.6 and methods of calculating payment to conform with subdivision 1a. ~~The minimum~~
7.7 ~~standards of assistance shall authorize the payment of rates negotiated by county agencies~~
7.8 ~~for recipients living in a room and board arrangement according to sections 256I.01 to~~
7.9 ~~256I.06.~~ When a recipient is a resident of a ~~regional treatment center, or a residence~~
7.10 ~~with a negotiated rate,~~ licensed residential facility, except shelters for the homeless or
7.11 shelters under section 611A.31, the recipient is not eligible for a full general assistance
7.12 standard. The state standard of assistance for those recipients who have personal needs not
7.13 otherwise provided for is the personal needs allowance authorized for medical assistance
7.14 recipients under section 256B.35.

7.15 Sec. 2. Minnesota Statutes 2008, section 256D.44, subdivision 3, is amended to read:

7.16 Subd. 3. **Standard of assistance for basic needs.** Except as provided in subdivision
7.17 4, the monthly state standard of assistance for basic needs is as follows:

7.18 (a) If an applicant or recipient does not reside with another person or persons, the
7.19 state standard of assistance is \$519.

7.20 (b) If an applicant married couple or recipient married couple who live together,
7.21 does not reside with others, the state standard of assistance is \$778.

7.22 (c) If an applicant or recipient resides with another person or persons, the state
7.23 standard of assistance is \$395.

7.24 (d) If an applicant married couple or recipient married couple who live together,
7.25 resides with others, the state standard of assistance is \$519.

7.26 (e) Married couples, living together who do not reside with others and were
7.27 receiving MSA prior to January 1, 1994, and whose eligibility has not been terminated a
7.28 full calendar month, the state standard of assistance is \$793.

7.29 (f) Married couples living together who reside with others and were receiving MSA
7.30 prior to January 1, 1994, and whose eligibility has not been terminated a full calendar
7.31 month, the state standard of assistance is \$782.

7.32 (g) For an individual who (1) receives Social Security insurance under federal
7.33 living arrangement D or (2) is a resident of a nursing home, a regional treatment center
7.34 or a group licensed residential housing facility and has unmet personal needs, the state

8.1 standard of assistance is the personal needs allowance for medical assistance recipients
8.2 under section 256B.35.

8.3 Sec. 3. Minnesota Statutes 2008, section 256I.04, subdivision 2a, is amended to read:

8.4 Subd. 2a. **License required.** A county agency may not enter into an agreement with
8.5 an establishment to provide group residential housing unless:

8.6 (1) the establishment is licensed by the Department of Health as a hotel and
8.7 restaurant; a board and lodging establishment; a residential care home; a boarding care
8.8 home before March 1, 1985; or a supervised living facility, and the service provider
8.9 for residents of the facility is licensed under chapter 245A. However, an establishment
8.10 licensed by the Department of Health to provide lodging need not also be licensed to
8.11 provide board if meals are being supplied to residents under a contract with a food vendor
8.12 who is licensed by the Department of Health;

8.13 (2) the residence is: (i) licensed by the commissioner of human services under
8.14 Minnesota Rules, parts 9555.5050 to 9555.6265; or; (ii) certified by a county human
8.15 services agency prior to July 1, 1992, using the standards under Minnesota Rules,
8.16 parts 9555.5050 to 9555.6265; or (iii) a residence licensed by the commissioner under
8.17 Minnesota Rules, parts 2960.0010 to 2960.0120, with a variance under section 245A.04,
8.18 subdivision 9;

8.19 (3) the establishment is registered under chapter 144D and provides three meals a
8.20 day, or is an establishment voluntarily registered under section 144D.025 as a supportive
8.21 housing establishment; or

8.22 (4) an establishment voluntarily registered under section 144D.025, other than
8.23 a supportive housing establishment under clause (3), is not eligible to provide group
8.24 residential housing.

8.25 The requirements under clauses (1), ~~(2), (3), and~~ to (4) do not apply to establishments
8.26 exempt from state licensure because they are located on Indian reservations and subject
8.27 to tribal health and safety requirements.

8.28 Sec. 4. Minnesota Statutes 2008, section 256I.04, subdivision 3, is amended to read:

8.29 Subd. 3. **Moratorium on the development of group residential housing beds.** (a)
8.30 County agencies shall not enter into agreements for new group residential housing beds
8.31 with total rates in excess of the MSA equivalent rate except:

8.32 (1) for group residential housing establishments licensed under Minnesota Rules,
8.33 parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction
8.34 targets for persons with developmental disabilities at regional treatment centers;

9.1 (2) to ensure compliance with the federal Omnibus Budget Reconciliation Act
9.2 alternative disposition plan requirements for inappropriately placed persons with
9.3 developmental disabilities or mental illness;

9.4 (3) up to 80 beds in a single, specialized facility located in Hennepin County that will
9.5 provide housing for chronic inebriates who are repetitive users of detoxification centers
9.6 and are refused placement in emergency shelters because of their state of intoxication,
9.7 and planning for the specialized facility must have been initiated before July 1, 1991,
9.8 in anticipation of receiving a grant from the Housing Finance Agency under section
9.9 462A.05, subdivision 20a, paragraph (b);

9.10 (4) notwithstanding the provisions of subdivision 2a, for up to 190 supportive
9.11 housing units in Anoka, Dakota, Hennepin, or Ramsey County for homeless adults with a
9.12 mental illness, a history of substance abuse, or human immunodeficiency virus or acquired
9.13 immunodeficiency syndrome. For purposes of this section, "homeless adult" means a
9.14 person who is living on the street or in a shelter or discharged from a regional treatment
9.15 center, community hospital, or residential treatment program and has no appropriate
9.16 housing available and lacks the resources and support necessary to access appropriate
9.17 housing. At least 70 percent of the supportive housing units must serve homeless adults
9.18 with mental illness, substance abuse problems, or human immunodeficiency virus or
9.19 acquired immunodeficiency syndrome who are about to be or, within the previous six
9.20 months, has been discharged from a regional treatment center, or a state-contracted
9.21 psychiatric bed in a community hospital, or a residential mental health or chemical
9.22 dependency treatment program. If a person meets the requirements of subdivision 1,
9.23 paragraph (a), and receives a federal or state housing subsidy, the group residential housing
9.24 rate for that person is limited to the supplementary rate under section 256I.05, subdivision
9.25 1a, and is determined by subtracting the amount of the person's countable income that
9.26 exceeds the MSA equivalent rate from the group residential housing supplementary rate.
9.27 A resident in a demonstration project site who no longer participates in the demonstration
9.28 program shall retain eligibility for a group residential housing payment in an amount
9.29 determined under section 256I.06, subdivision 8, using the MSA equivalent rate. Service
9.30 funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching
9.31 funds are available and the services can be provided through a managed care entity. If
9.32 federal matching funds are not available, then service funding will continue under section
9.33 256I.05, subdivision 1a;

9.34 (5) for group residential housing beds in settings meeting the requirements of
9.35 subdivision 2a, clauses (1) and (3), which are used exclusively for recipients receiving
9.36 home and community-based waiver services under sections 256B.0915, 256B.092,

10.1 subdivision 5, 256B.093, and 256B.49, and who resided in a nursing facility for the six
10.2 months immediately prior to the month of entry into the group residential housing setting.
10.3 The group residential housing rate for these beds must be set so that the monthly group
10.4 residential housing payment for an individual occupying the bed when combined with the
10.5 nonfederal share of services delivered under the waiver for that person does not exceed
10.6 the nonfederal share of the monthly medical assistance payment made for the person to
10.7 the nursing facility in which the person resided prior to entry into the group residential
10.8 housing establishment. The rate may not exceed the MSA equivalent rate plus \$426.37
10.9 for any case;

10.10 (6) for an additional two beds, resulting in a total of 32 beds, for a facility located in
10.11 Hennepin County providing services for recovering and chemically dependent men that
10.12 has had a group residential housing contract with the county and has been licensed as a
10.13 board and lodge facility with special services since 1980;

10.14 (7) for a group residential housing provider located in ~~Stearns County~~ the city
10.15 of St. Cloud, or a county contiguous to the city of St. Cloud, that operates a 40-bed
10.16 facility, that received financing through the Minnesota Housing Finance Agency Ending
10.17 Long-Term Homelessness Initiative and serves chemically dependent clientele, providing
10.18 24-hour-a-day supervision;

10.19 (8) for a new 65-bed facility in Crow Wing County that will serve chemically
10.20 dependent persons, operated by a group residential housing provider that currently
10.21 operates a 304-bed facility in Minneapolis, and a 44-bed facility in Duluth;

10.22 (9) for a group residential housing provider that operates two ten-bed facilities, one
10.23 located in Hennepin County and one located in Ramsey County, that provide community
10.24 support and 24-hour-a-day supervision to serve the mental health needs of individuals
10.25 who have chronically lived unsheltered; and

10.26 (10) for a group residential facility in Hennepin County with a capacity of up to 48
10.27 beds that has been licensed since 1978 as a board and lodging facility and that until August
10.28 1, 2007, operated as a licensed chemical dependency treatment program.

10.29 (b) A county agency may enter into a group residential housing agreement for beds
10.30 with rates in excess of the MSA equivalent rate in addition to those currently covered
10.31 under a group residential housing agreement if the additional beds are only a replacement
10.32 of beds with rates in excess of the MSA equivalent rate which have been made available
10.33 due to closure of a setting, a change of licensure or certification which removes the beds
10.34 from group residential housing payment, or as a result of the downsizing of a group
10.35 residential housing setting. The transfer of available beds from one county to another can
10.36 only occur by the agreement of both counties.

11.1 Sec. 5. Minnesota Statutes 2008, section 256I.05, subdivision 1k, is amended to read:

11.2 Subd. 1k. **Supplementary rate for certain facilities; Stearns, Sherburne, or**
11.3 **Benton County.** Notwithstanding the provisions of this section, beginning July 1,
11.4 ~~2007~~ 2009, a county agency shall negotiate a supplementary service rate in addition
11.5 to the rate specified in subdivision 1, not to exceed \$700 per month, including any
11.6 legislatively authorized inflationary adjustments, for a group residential housing
11.7 provider located in Stearns, Sherburne, or Benton County that operates a 40-bed
11.8 facility, that received financing through the Minnesota Housing Finance Agency Ending
11.9 Long-Term Homelessness Initiative and serves chemically dependent clientele, providing
11.10 24-hour-a-day supervision.