

(2) a nursing facility in Faribault county licensed for 159 nursing home beds on September 30, 1998; and

(3) a nursing facility in Houston county licensed for 68 nursing home beds on September 30, 1998.

(i) For the rate year beginning July 1, 1999, the following nursing facilities shall be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraphs (a) and (b), were not applied:

(1) a nursing facility in Chisago county licensed for 135 nursing home beds on September 30, 1998; and

(2) a nursing facility in Murray county licensed for 62 nursing home beds on September 30, 1998.

(j) For the rate year beginning July 1, 1999, a nursing facility in Hennepin county licensed for 134 beds on September 30, 1998, shall:

(1) have the prior year's allowable care-related per diem increased by \$3.93 and the prior year's other operating cost per diem increased by \$1.69 before adding the inflation in subdivision 26, paragraph (d), clause (2); and

(2) be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraphs (a) and (b), were not applied.

(k) For the rate years beginning on or after July 1, 2000, a nursing home facility in Goodhue county that was licensed for 104 beds on February 1, 2000, shall have its employee pension benefit costs reported on its Rule 50 cost report treated as PERA contributions for the purpose of computing its payment rates.

Presented to the governor March 24, 2000

Signed by the governor March 28, 2000, 2:36 p.m.

CHAPTER 295—S.F.No. 3161

An act relating to health; modifying provisions for health care purchasing alliances; amending Minnesota Statutes 1998, sections 62T.03; 62T.05; 62T.06, subdivisions 1 and 2; and 62T.11; Minnesota Statutes 1999 Supplement, section 62T.04; proposing coding for new law in Minnesota Statutes, chapter 62T; repealing Minnesota Statutes 1998, section 62T.13.

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

Section 1. **[62T.025] EMPLOYER-MEMBER CONTRIBUTION.**

If an employer-member of a purchasing alliance can demonstrate that the member has not offered employee health coverage for a year or more, the member may contribute 25 percent or more of the cost of employee coverage for up to 36 months. This provision only applies to rural purchasing alliances organized under this chapter

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and operating prior to May 1, 2000. The affected purchasing alliances may develop membership criteria which disallow an employer contribution below 50 percent.

Sec. 2. Minnesota Statutes 1998, section 62T.03, is amended to read:

62T.03 APPLICATION OF OTHER LAWS.

Subdivision 1. STATE LAW. An accountable provider network is subject to all requirements applicable to a health plan company licensed in the state, except as otherwise noted in this chapter. An accountable provider network and a health care purchasing alliance must comply with all requirements of chapter 62L, except for modifications and waivers permitted under this chapter. A contracting arrangement between a health care purchasing alliance and an accountable provider network for provision of health care benefits must provide consumer protection functions comparable to those currently required of a health plan company licensed under section 62N.25, and other statutes referenced in that section, except for modifications and waivers permitted under this chapter.

Subd. 2. FEDERAL LAW. A self-insured employer may participate as an affiliate member of a purchasing alliance without participation affecting the employer's standing under the federal Employee Retirement Income Security Act (ERISA) of 1974. An affiliate member is one that may purchase administrative services with the purchasing alliance and may participate in activities undertaken to educate and promote health improvement of the purchasing alliance enrollees or community residents.

Sec. 3. Minnesota Statutes 1999 Supplement, section 62T.04, is amended to read:

62T.04 COMPLAINT SYSTEM.

Accountable provider networks must establish and maintain an enrollee complaint system as required under sections 62Q.68 to 62Q.72 or as required by a contract with a purchasing alliance. The contract must be approved by the commissioner. The accountable provider network may contract with the health care purchasing alliance or a vendor for operation of this system. The commissioner may not waive any enrollee rights relating to external review.

Sec. 4. Minnesota Statutes 1998, section 62T.05, is amended to read:

62T.05 BENEFITS.

An accountable provider network may offer and sell any benefits permitted to be offered and sold by health plan companies under Minnesota law. An accountable provider network may, after consultation with the purchasing alliance, offer only one benefit plan to employer-members of the alliance.

Sec. 5. Minnesota Statutes 1998, section 62T.06, subdivision 1, is amended to read:

Subdivision 1. AUTHORIZATION. The commissioner may grant waivers from the requirements of law for the contracting arrangement between a health care purchasing alliance and an accountable provider network in the areas listed in

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subdivisions 2 to 4. The commissioner may not waive the following state consumer protection and quality assurance laws:

- (1) laws requiring that enrollees be informed of any restrictions, requirements, or limitations on coverage, services, or access to specialists and other providers;
 - (2) laws allowing consumers to complain to or appeal to a state regulatory agency if denied benefits or services;
 - (3) laws prohibiting gag clauses and other restrictions on communication between a patient and their physician or provider;
 - (4) laws allowing consumers to obtain information on provider financial incentives, which may affect treatment;
 - (5) laws requiring the submission of information needed to monitor quality of care and enrollee rights, except the submission may be done in a manner approved by the commissioner under subdivision 4;
 - (6) laws protecting enrollee privacy and confidentiality of records;
 - (7) minimum standards for adequate provider network capacity and geographic access to services;
 - (8) laws assuring continuity of care when a patient must change providers;
 - (9) laws governing coverage of emergency services;
 - (10) laws prohibiting excessive or unreasonable administrative fees or expenses;
- and
- (11) other laws or rules that are directly related to quality of care, consumer protection, and due process rights.

Sec. 6. Minnesota Statutes 1998, section 62T.06, subdivision 2, is amended to read:

Subd. 2. **SOLVENCY PROTECTION.** (a) The commissioner may waive the requirements of sections 62N.27 to 62N.32, and may substitute capital and surplus requirements that are reduced from the levels required of other risk-bearing entities in order to reflect its reduced risk exposure. If risk is being underwritten, the underwriter cannot have more than 25 percent of the representation on the governing board of the accountable provider network. The reduced requirements must include at least the following levels of capital and surplus: (i) a deposit of \$500,000 ~~plus~~ and (ii) the greater of an estimated 15 percent of gross premium revenues or twice the net retained annual risk up to \$750,000 on a single enrollee. Net retained annual risk may be, for example, the lowest annual deductible under a provider stop-loss insurance policy that covers all costs above the deductible. Assets supporting the deposit must meet the standards for deposits referenced in section 62N.32 or be guaranteed by an entity that is approved and can be monitored by the commissioner. ~~Assets supporting the capital must meet the investment guidelines referenced in section 62N.27. Members of a purchasing alliance may assist in meeting the solvency requirements through a~~

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subordinated solvency contribution under a contract approved by the commissioner. For the purposes of this subdivision, "subordinated solvency contribution" means a contribution to the accountable provider network by a purchasing alliance member that is evidenced by a promissory note or other instrument that allows for repayment of the contribution in the manner provided in a contract approved by the commissioner.

(b) An accountable provider network may propose a method of reporting income, expenses, claims payments, and other financial information in a manner which adequately demonstrates ongoing compliance with the standards for capital, surplus, and claims reserves agreed to under this waiver.

(c) An accountable provider network may demonstrate ability to continue to deliver the contracted health care services to the purchasing alliance through arrangements which ensure that, subject to 60 days' notice of intent to discontinue the contracting arrangement, provider participants will continue to meet their obligation to provide health care services to enrollees for a period of 60 days.

Sec. 7. Minnesota Statutes 1998, section 62T.11, is amended to read:

62T.11 DUTIES OF COMMISSIONER.

(a) By July 1, 1997, the commissioner shall make available application forms for licensure as an accountable provider network. The accountable provider network may begin doing business after application has been approved.

(b) Upon receipt of an application for a certificate of authority, the commissioner shall grant or deny licensure and waivers requested within 90 days of receipt of a complete application if all requirements are substantially met. For a period of ~~one year~~ six years after the effective date of ~~Laws 1997, chapter 225~~ July 1, 1997, the commissioner may approve up to five applications, none of which may be from health plan companies. If no written response has been received within 90 days, the application is approved. When the commissioner denies an application or waiver request, the commissioner shall notify the applicant in writing specifically stating the grounds for the denial and specific suggestions for how to remedy the denial. The commissioner will entertain reconsiderations. Within 90 days after the denial, the applicant may file a written request for an administrative hearing and review of the commissioner's determination. The hearing is subject to judicial review as provided by chapter 14.

(c) All monitoring, enforcement, and rulemaking powers available under chapter 62N are granted to the commissioner to assure continued compliance with provisions of this chapter. The commissioner shall honor the intent of this section to foster community-focused, affordable health coverage for small employers and their employees.

(d) The commissioner may contract with other entities as necessary to carry out the responsibilities in this chapter.

Sec. 8. REPEALER.

Minnesota Statutes 1998, section 62T.13, is repealed.

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Presented to the governor March 24, 2000

Signed by the governor March 28, 2000, 2:37 p.m.

CHAPTER 296—S.F.No. 3253

An act relating to human services; requiring the commissioner of human services to study the medical assistance reimbursement rates for special transportation providers.

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

Section 1. **STUDY ON REIMBURSEMENT FOR SPECIAL TRANSPORTATION PROVIDERS.**

The commissioner of human services, in consultation with special transportation providers, shall prepare a study on appropriate reimbursement for special transportation providers. The study shall include, but not be limited to, an analysis of the cost characteristics of special transportation services, including the differences in costs for services provided to:

- (1) persons who need a wheelchair lift or ramp van;
- (2) persons who need a stretcher-equipped vehicle;
- (3) persons who are ambulatory with assistance multiple door through multiple door;
- (4) persons who are ambulatory without assistance;
- (5) persons residing in rural areas; and
- (6) persons residing in urban areas.

The commissioner shall make recommendations for reimbursement rates for services to persons in clauses (1) to (6), based primarily on the analysis of service cost characteristics, capital cost characteristics, and industry growth cost characteristics. The commissioner shall present the study to the legislature no later than September 15, 2000.

Presented to the governor March 24, 2000

Signed by the governor March 28, 2000, 2:38 p.m.

CHAPTER 297—S.F.No. 2691

An act relating to the State Building Code; transferring authority to develop the energy portions of the building code from the commissioner of public service to the commissioner of

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