

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2712

- 03/08/2023 Authored by Fischer  
The bill was read for the first time and referred to the Committee on Human Services Policy
- 03/13/2023 Adoption of Report: Re-referred to the Committee on Health Finance and Policy
- 03/27/2023 Adoption of Report: Placed on the General Register  
Read for the Second Time
- 05/01/2023 Referred to the Chief Clerk for Comparison with S. F. No. 2819
- 05/02/2023 Postponed Indefinitely

1.1 A bill for an act

1.2 relating to human services; modifying the procedure for sanctions; modifying

1.3 background studies conducted by the Department of Human Services; modifying

1.4 definitions; modifying applications and application process; modifying license

1.5 fees; modifying commissioner of health access to recipient medical records;

1.6 modifying notice requirements for monetary recovery and sanctions; modifying

1.7 administrative reconsideration process; modifying licensing data; modifying when

1.8 email addresses are made public; prohibiting prone restraints in licensed or certified

1.9 facilities; amending Minnesota Statutes 2022, sections 13.46, subdivision 4; 62V.05,

1.10 subdivision 4a; 122A.18, subdivision 8; 245A.02, subdivisions 5a, 10b; 245A.04,

1.11 subdivisions 1, 7; 245A.041, by adding a subdivision; 245A.07, subdivisions 2a,

1.12 3; 245A.10, subdivisions 3, 4; 245A.16, subdivision 1; 245C.02, subdivisions 6a,

1.13 11c, by adding subdivisions; 245C.03, subdivisions 1, 1a, 4, 5, 5a; 245C.031,

1.14 subdivisions 1, 4; 245C.05, subdivisions 1, 5a, by adding a subdivision; 245C.07;

1.15 245C.08, subdivision 1; 245C.10, subdivision 4; 245C.30, subdivision 2; 245C.31,

1.16 subdivision 1; 245C.33, subdivision 4; 245H.13, subdivision 9; 245I.20, subdivision

1.17 10; 256.9685, subdivisions 1a, 1b; 256.9686, by adding a subdivision; 256B.04,

1.18 subdivision 15; 256B.064; 256B.27, subdivision 3; 524.5-118, subdivision 2a;

1.19 proposing coding for new law in Minnesota Statutes, chapter 245A; repealing

1.20 Minnesota Statutes 2022, sections 245A.22; 245C.02, subdivision 9; 245C.301;

1.21 256.9685, subdivisions 1c, 1d; Minnesota Rules, parts 9505.0505, subpart 18;

1.22 9505.0520, subpart 9b.

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

1.24 Section 1. Minnesota Statutes 2022, section 13.46, subdivision 4, is amended to read:

1.25 Subd. 4. **Licensing data.** (a) As used in this subdivision:

1.26 (1) "licensing data" are all data collected, maintained, used, or disseminated by the

1.27 welfare system pertaining to persons licensed or registered or who apply for licensure or

1.28 registration or who formerly were licensed or registered under the authority of the

1.29 commissioner of human services. "Licensing data" includes data pertaining to persons or

1.30 government entities certified under chapter 245H or section 245I.20. "License holder"

2.1 includes "certification holder" under section 245H.01, subdivision 4, and a person or  
2.2 government entity issued a certification under section 245I.20;

2.3 (2) "client" means a person who is receiving services from a licensee or from an applicant  
2.4 for licensure; and

2.5 (3) "personal and personal financial data" are Social Security numbers, identity of and  
2.6 letters of reference, insurance information, reports from the Bureau of Criminal  
2.7 Apprehension, health examination reports, and social/home studies.

2.8 (b)(1)(i) Except as provided in paragraph (c), the following data on applicants, license  
2.9 holders, and former licensees are public: name, address, telephone number of licensees, the  
2.10 public email address provided by nonfamily foster care license holder, date of receipt of a  
2.11 completed application, dates of licensure, licensed capacity, type of client preferred, variances  
2.12 granted, record of training and education in child care and child development, type of  
2.13 dwelling, name and relationship of other family members, previous license history, class  
2.14 of license, the existence and status of complaints, and the number of serious injuries to or  
2.15 deaths of individuals in the licensed program as reported to the commissioner of human  
2.16 services, the local social services agency, or any other county welfare agency. For purposes  
2.17 of this clause, a serious injury is one that is treated by a physician.

2.18 (ii) Except as provided in item (v), when a correction order, an order to forfeit a fine,  
2.19 an order of license suspension, an order of temporary immediate suspension, an order of  
2.20 license revocation, an order of license denial, or an order of conditional license has been  
2.21 issued, or a complaint is resolved, the following data on current and former licensees and  
2.22 applicants are public: the general nature of the complaint or allegations leading to the  
2.23 temporary immediate suspension; the substance and investigative findings of the licensing  
2.24 or maltreatment complaint, licensing violation, or substantiated maltreatment; the existence  
2.25 of settlement negotiations; the record of informal resolution of a licensing violation; orders  
2.26 of hearing; findings of fact; conclusions of law; specifications of the final correction order,  
2.27 fine, suspension, temporary immediate suspension, revocation, denial, or conditional license  
2.28 contained in the record of licensing action; whether a fine has been paid; and the status of  
2.29 any appeal of these actions.

2.30 (iii) When a license denial under section 245A.05 or a sanction under section 245A.07  
2.31 is based on a determination that a license holder, applicant, or controlling individual is  
2.32 responsible for maltreatment under section 626.557 or chapter 260E, the identity of the  
2.33 applicant, license holder, or controlling individual as the individual responsible for  
2.34 maltreatment is public data at the time of the issuance of the license denial or sanction.

3.1 (iv) When a license denial under section 245A.05 or a sanction under section 245A.07  
3.2 is based on a determination that a license holder, applicant, or controlling individual is  
3.3 disqualified under chapter 245C, the identity of the license holder, applicant, or controlling  
3.4 individual as the disqualified individual and the reason for the disqualification are public  
3.5 data at the time of the issuance of the licensing sanction or denial. If the applicant, license  
3.6 holder, or controlling individual requests reconsideration of the disqualification and the  
3.7 disqualification is affirmed, the reason for the disqualification and the reason to not set aside  
3.8 the disqualification are public data.

3.9 (v) A correction order or fine issued to a child care provider for a licensing violation is  
3.10 private data on individuals under section 13.02, subdivision 12, or nonpublic data under  
3.11 section 13.02, subdivision 9, if the correction order or fine is seven years old or older.

3.12 (2) For applicants who withdraw their application prior to licensure or denial of a license,  
3.13 the following data are public: the name of the applicant, the city and county in which the  
3.14 applicant was seeking licensure, the dates of the commissioner's receipt of the initial  
3.15 application and completed application, the type of license sought, and the date of withdrawal  
3.16 of the application.

3.17 (3) For applicants who are denied a license, the following data are public: the name and  
3.18 address of the applicant, the city and county in which the applicant was seeking licensure,  
3.19 the dates of the commissioner's receipt of the initial application and completed application,  
3.20 the type of license sought, the date of denial of the application, the nature of the basis for  
3.21 the denial, the existence of settlement negotiations, the record of informal resolution of a  
3.22 denial, orders of hearings, findings of fact, conclusions of law, specifications of the final  
3.23 order of denial, and the status of any appeal of the denial.

3.24 (4) When maltreatment is substantiated under section 626.557 or chapter 260E and the  
3.25 victim and the substantiated perpetrator are affiliated with a program licensed under chapter  
3.26 245A, the commissioner of human services, local social services agency, or county welfare  
3.27 agency may inform the license holder where the maltreatment occurred of the identity of  
3.28 the substantiated perpetrator and the victim.

3.29 (5) Notwithstanding clause (1), for child foster care, only the name of the license holder  
3.30 and the status of the license are public if the county attorney has requested that data otherwise  
3.31 classified as public data under clause (1) be considered private data based on the best interests  
3.32 of a child in placement in a licensed program.

3.33 (c) The following are private data on individuals under section 13.02, subdivision 12,  
3.34 or nonpublic data under section 13.02, subdivision 9: personal and personal financial data

4.1 on family day care program and family foster care program applicants and licensees and  
4.2 their family members who provide services under the license.

4.3 (d) The following are private data on individuals: the identity of persons who have made  
4.4 reports concerning licensees or applicants that appear in inactive investigative data, and the  
4.5 records of clients or employees of the licensee or applicant for licensure whose records are  
4.6 received by the licensing agency for purposes of review or in anticipation of a contested  
4.7 matter. The names of reporters of complaints or alleged violations of licensing standards  
4.8 under chapters 245A, 245B, 245C, and 245D, and applicable rules and alleged maltreatment  
4.9 under section 626.557 and chapter 260E, are confidential data and may be disclosed only  
4.10 as provided in section 260E.21, subdivision 4; 260E.35; or 626.557, subdivision 12b.

4.11 (e) Data classified as private, confidential, nonpublic, or protected nonpublic under this  
4.12 subdivision become public data if submitted to a court or administrative law judge as part  
4.13 of a disciplinary proceeding in which there is a public hearing concerning a license which  
4.14 has been suspended, immediately suspended, revoked, or denied.

4.15 (f) Data generated in the course of licensing investigations that relate to an alleged  
4.16 violation of law are investigative data under subdivision 3.

4.17 (g) Data that are not public data collected, maintained, used, or disseminated under this  
4.18 subdivision that relate to or are derived from a report as defined in section 260E.03, or  
4.19 626.5572, subdivision 18, are subject to the destruction provisions of sections 260E.35,  
4.20 subdivision 6, and 626.557, subdivision 12b.

4.21 (h) Upon request, not public data collected, maintained, used, or disseminated under  
4.22 this subdivision that relate to or are derived from a report of substantiated maltreatment as  
4.23 defined in section 626.557 or chapter 260E may be exchanged with the Department of  
4.24 Health for purposes of completing background studies pursuant to section 144.057 and with  
4.25 the Department of Corrections for purposes of completing background studies pursuant to  
4.26 section 241.021.

4.27 (i) Data on individuals collected according to licensing activities under chapters 245A  
4.28 and 245C, data on individuals collected by the commissioner of human services according  
4.29 to investigations under section 626.557 and chapters 245A, 245B, 245C, 245D, and 260E  
4.30 may be shared with the Department of Human Rights, the Department of Health, the  
4.31 Department of Corrections, the ombudsman for mental health and developmental disabilities,  
4.32 and the individual's professional regulatory board when there is reason to believe that laws  
4.33 or standards under the jurisdiction of those agencies may have been violated or the  
4.34 information may otherwise be relevant to the board's regulatory jurisdiction. Background

5.1 study data on an individual who is the subject of a background study under chapter 245C  
 5.2 for a licensed service for which the commissioner of human services is the license holder  
 5.3 may be shared with the commissioner and the commissioner's delegate by the licensing  
 5.4 division. Unless otherwise specified in this chapter, the identity of a reporter of alleged  
 5.5 maltreatment or licensing violations may not be disclosed.

5.6 (j) In addition to the notice of determinations required under sections 260E.24,  
 5.7 subdivisions 5 and 7, and 260E.30, subdivision 6, paragraphs (b), (c), (d), (e), and (f), if the  
 5.8 commissioner or the local social services agency has determined that an individual is a  
 5.9 substantiated perpetrator of maltreatment of a child based on sexual abuse, as defined in  
 5.10 section 260E.03, and the commissioner or local social services agency knows that the  
 5.11 individual is a person responsible for a child's care in another facility, the commissioner or  
 5.12 local social services agency shall notify the head of that facility of this determination. The  
 5.13 notification must include an explanation of the individual's available appeal rights and the  
 5.14 status of any appeal. If a notice is given under this paragraph, the government entity making  
 5.15 the notification shall provide a copy of the notice to the individual who is the subject of the  
 5.16 notice.

5.17 (k) All not public data collected, maintained, used, or disseminated under this subdivision  
 5.18 and subdivision 3 may be exchanged between the Department of Human Services, Licensing  
 5.19 Division, and the Department of Corrections for purposes of regulating services for which  
 5.20 the Department of Human Services and the Department of Corrections have regulatory  
 5.21 authority.

5.22 Sec. 2. Minnesota Statutes 2022, section 62V.05, subdivision 4a, is amended to read:

5.23 Subd. 4a. **Background study required.** (a) The board must initiate background studies  
 5.24 under section 245C.031 of:

5.25 (1) each navigator;

5.26 (2) each in-person assister; and

5.27 (3) each certified application counselor.

5.28 (b) The board may initiate the background studies required by paragraph (a) using the  
 5.29 online NETStudy 2.0 system operated by the commissioner of human services.

5.30 (c) The board shall not permit any individual to provide any service or function listed  
 5.31 in paragraph (a) until ~~the board has received notification from the commissioner of human~~  
 5.32 ~~services indicating that the individual:~~

6.1 (1) the board has evaluated any notification received from the commissioner of human  
 6.2 services indicating the individual's potential disqualifications and has determined that the  
 6.3 individual is not disqualified under chapter 245C; or

6.4 (2) the board has determined that the individual is disqualified; but has ~~received~~ granted  
 6.5 a set aside ~~from the board~~ of that disqualification according to sections 245C.22 and 245C.23.

6.6 (d) The board or its delegate shall review a reconsideration request of an individual in  
 6.7 paragraph (a), including granting a set aside, according to the procedures and criteria in  
 6.8 chapter 245C. The board shall notify the individual and the Department of Human Services  
 6.9 of the board's decision.

6.10 Sec. 3. Minnesota Statutes 2022, section 122A.18, subdivision 8, is amended to read:

6.11 Subd. 8. **Background studies.** (a) The Professional Educator Licensing and Standards  
 6.12 Board and the Board of School Administrators must initiate criminal history background  
 6.13 studies of all first-time applicants for educator and administrator licenses under their  
 6.14 jurisdiction. Applicants must include with their licensure applications:

6.15 (1) an executed criminal history consent form, including fingerprints; and

6.16 (2) payment to conduct the background study. The Professional Educator Licensing and  
 6.17 Standards Board must deposit payments received under this subdivision in an account in  
 6.18 the special revenue fund. Amounts in the account are annually appropriated to the  
 6.19 Professional Educator Licensing and Standards Board to pay for the costs of background  
 6.20 studies on applicants for licensure.

6.21 (b) The background study for all first-time ~~teaching~~ applicants for educator licenses  
 6.22 must include a review of information from the Bureau of Criminal Apprehension, including  
 6.23 criminal history data as defined in section 13.87, and must also include a review of the  
 6.24 national criminal records repository. The superintendent of the Bureau of Criminal  
 6.25 Apprehension is authorized to exchange fingerprints with the Federal Bureau of Investigation  
 6.26 for purposes of the criminal history check.

6.27 (c) The Professional Educator Licensing and Standards Board may initiate criminal  
 6.28 history background studies through the commissioner of human services according to section  
 6.29 245C.031 to obtain background study data required under this chapter.

7.1 Sec. 4. Minnesota Statutes 2022, section 245A.02, subdivision 5a, is amended to read:

7.2 Subd. 5a. **Controlling individual.** (a) "Controlling individual" means an owner of a  
7.3 program or service provider licensed under this chapter and the following individuals, if  
7.4 applicable:

7.5 (1) each officer of the organization, including the chief executive officer and chief  
7.6 financial officer;

7.7 (2) the individual designated as the authorized agent under section 245A.04, subdivision  
7.8 1, paragraph (b);

7.9 (3) the individual designated as the compliance officer under section 256B.04, subdivision  
7.10 21, paragraph (g);

7.11 (4) each managerial official whose responsibilities include the direction of the  
7.12 management or policies of a program; ~~and~~

7.13 (5) the individual designated as the primary provider of care for a special family child  
7.14 care program under section 245A.14, subdivision 4, paragraph (i); and

7.15 (6) the president and treasurer of the board of directors of a nonprofit corporation.

7.16 (b) Controlling individual does not include:

7.17 (1) a bank, savings bank, trust company, savings association, credit union, industrial  
7.18 loan and thrift company, investment banking firm, or insurance company unless the entity  
7.19 operates a program directly or through a subsidiary;

7.20 (2) an individual who is a state or federal official, or state or federal employee, or a  
7.21 member or employee of the governing body of a political subdivision of the state or federal  
7.22 government that operates one or more programs, unless the individual is also an officer,  
7.23 owner, or managerial official of the program, receives remuneration from the program, or  
7.24 owns any of the beneficial interests not excluded in this subdivision;

7.25 (3) an individual who owns less than five percent of the outstanding common shares of  
7.26 a corporation:

7.27 (i) whose securities are exempt under section 80A.45, clause (6); or

7.28 (ii) whose transactions are exempt under section 80A.46, clause (2);

7.29 (4) an individual who is a member of an organization exempt from taxation under section  
7.30 290.05, unless the individual is also an officer, owner, or managerial official of the program  
7.31 or owns any of the beneficial interests not excluded in this subdivision. This clause does

8.1 not exclude from the definition of controlling individual an organization that is exempt from  
8.2 taxation; or

8.3 (5) an employee stock ownership plan trust, or a participant or board member of an  
8.4 employee stock ownership plan, unless the participant or board member is a controlling  
8.5 individual according to paragraph (a).

8.6 (c) For purposes of this subdivision, "managerial official" means an individual who has  
8.7 the decision-making authority related to the operation of the program, and the responsibility  
8.8 for the ongoing management of or direction of the policies, services, or employees of the  
8.9 program. A site director who has no ownership interest in the program is not considered to  
8.10 be a managerial official for purposes of this definition.

8.11 Sec. 5. Minnesota Statutes 2022, section 245A.02, subdivision 10b, is amended to read:

8.12 Subd. 10b. **Owner.** "Owner" means an individual or organization that has a direct or  
8.13 indirect ownership interest of five percent or more in a program licensed under this chapter.  
8.14 For purposes of this subdivision, "direct ownership interest" means the possession of equity  
8.15 in capital, stock, or profits of an organization, and "indirect ownership interest" means a  
8.16 direct ownership interest in an entity that has a direct or indirect ownership interest in a  
8.17 licensed program. For purposes of this chapter, "~~owner of a nonprofit corporation" means~~  
8.18 ~~the president and treasurer of the board of directors or, for an entity owned by an employee~~  
8.19 ~~stock ownership plan;~~" means the president and treasurer of the entity. A government entity  
8.20 or nonprofit corporation that is issued a license under this chapter shall be designated the  
8.21 owner.

8.22 Sec. 6. Minnesota Statutes 2022, section 245A.04, subdivision 1, is amended to read:

8.23 Subdivision 1. **Application for licensure.** (a) An individual, organization, or government  
8.24 entity that is subject to licensure under section 245A.03 must apply for a license. The  
8.25 application must be made on the forms and in the manner prescribed by the commissioner.  
8.26 The commissioner shall provide the applicant with instruction in completing the application  
8.27 and provide information about the rules and requirements of other state agencies that affect  
8.28 the applicant. An applicant seeking licensure in Minnesota with headquarters outside of  
8.29 Minnesota must have a program office located within 30 miles of the Minnesota border.  
8.30 An applicant who intends to buy or otherwise acquire a program or services licensed under  
8.31 this chapter that is owned by another license holder must apply for a license under this  
8.32 chapter and comply with the application procedures in this section and section ~~245A.03~~  
8.33 245A.043.



9.1 The commissioner shall act on the application within 90 working days after a complete  
9.2 application and any required reports have been received from other state agencies or  
9.3 departments, counties, municipalities, or other political subdivisions. The commissioner  
9.4 shall not consider an application to be complete until the commissioner receives all of the  
9.5 required information.

9.6 When the commissioner receives an application for initial licensure that is incomplete  
9.7 because the applicant failed to submit required documents or that is substantially deficient  
9.8 because the documents submitted do not meet licensing requirements, the commissioner  
9.9 shall provide the applicant written notice that the application is incomplete or substantially  
9.10 deficient. In the written notice to the applicant the commissioner shall identify documents  
9.11 that are missing or deficient and give the applicant 45 days to resubmit a second application  
9.12 that is substantially complete. An applicant's failure to submit a substantially complete  
9.13 application after receiving notice from the commissioner is a basis for license denial under  
9.14 section 245A.05.

9.15 (b) An application for licensure must identify all controlling individuals as defined in  
9.16 section 245A.02, subdivision 5a, and must designate one individual to be the authorized  
9.17 agent. The application must be signed by the authorized agent and must include the authorized  
9.18 agent's first, middle, and last name; mailing address; and email address. By submitting an  
9.19 application for licensure, the authorized agent consents to electronic communication with  
9.20 the commissioner throughout the application process. The authorized agent must be  
9.21 authorized to accept service on behalf of all of the controlling individuals. A government  
9.22 entity that holds multiple licenses under this chapter may designate one authorized agent  
9.23 for all licenses issued under this chapter or may designate a different authorized agent for  
9.24 each license. Service on the authorized agent is service on all of the controlling individuals.  
9.25 It is not a defense to any action arising under this chapter that service was not made on each  
9.26 controlling individual. The designation of a controlling individual as the authorized agent  
9.27 under this paragraph does not affect the legal responsibility of any other controlling individual  
9.28 under this chapter.

9.29 (c) An applicant or license holder must have a policy that prohibits license holders,  
9.30 employees, subcontractors, and volunteers, when directly responsible for persons served  
9.31 by the program, from abusing prescription medication or being in any manner under the  
9.32 influence of a chemical that impairs the individual's ability to provide services or care. The  
9.33 license holder must train employees, subcontractors, and volunteers about the program's  
9.34 drug and alcohol policy.

10.1 (d) An applicant and license holder must have a program grievance procedure that permits  
10.2 persons served by the program and their authorized representatives to bring a grievance to  
10.3 the highest level of authority in the program.

10.4 (e) The commissioner may limit communication during the application process to the  
10.5 authorized agent or the controlling individuals identified on the license application and for  
10.6 whom a background study was initiated under chapter 245C. The commissioner may require  
10.7 the applicant, except for child foster care, to demonstrate competence in the applicable  
10.8 licensing requirements by successfully completing a written examination. The commissioner  
10.9 may develop a prescribed written examination format.

10.10 (f) When an applicant is an individual, the applicant must provide:

10.11 (1) the applicant's taxpayer identification numbers including the Social Security number  
10.12 or Minnesota tax identification number, and federal employer identification number if the  
10.13 applicant has employees;

10.14 (2) at the request of the commissioner, a copy of the most recent filing with the secretary  
10.15 of state that includes the complete business name, if any;

10.16 (3) if doing business under a different name, the doing business as (DBA) name, as  
10.17 registered with the secretary of state;

10.18 (4) if applicable, the applicant's National Provider Identifier (NPI) number and Unique  
10.19 Minnesota Provider Identifier (UMPI) number; and

10.20 (5) at the request of the commissioner, the notarized signature of the applicant or  
10.21 authorized agent; and

10.22 (6) except for family foster care providers, an email address that will be made public  
10.23 subject to the requirements under section 13.46, subdivision 4, paragraph (b), clause (1),  
10.24 item (i).

10.25 (g) When an applicant is an organization, the applicant must provide:

10.26 (1) the applicant's taxpayer identification numbers including the Minnesota tax  
10.27 identification number and federal employer identification number;

10.28 (2) at the request of the commissioner, a copy of the most recent filing with the secretary  
10.29 of state that includes the complete business name, and if doing business under a different  
10.30 name, the doing business as (DBA) name, as registered with the secretary of state;

10.31 (3) the first, middle, and last name, and address for all individuals who will be controlling  
10.32 individuals, including all officers, owners, and managerial officials as defined in section

11.1 245A.02, subdivision 5a, and the date that the background study was initiated by the applicant  
 11.2 for each controlling individual;

11.3 (4) if applicable, the applicant's NPI number and UMPI number;

11.4 (5) the documents that created the organization and that determine the organization's  
 11.5 internal governance and the relations among the persons that own the organization, have  
 11.6 an interest in the organization, or are members of the organization, in each case as provided  
 11.7 or authorized by the organization's governing statute, which may include a partnership  
 11.8 agreement, bylaws, articles of organization, organizational chart, and operating agreement,  
 11.9 or comparable documents as provided in the organization's governing statute; ~~and~~

11.10 (6) the notarized signature of the applicant or authorized agent; and

11.11 (7) an email address that will be made public subject to the requirements under section  
 11.12 13.46, subdivision 4, paragraph (b), clause (1), item (i).

11.13 (h) When the applicant is a government entity, the applicant must provide:

11.14 (1) the name of the government agency, political subdivision, or other unit of government  
 11.15 seeking the license and the name of the program or services that will be licensed;

11.16 (2) the applicant's taxpayer identification numbers including the Minnesota tax  
 11.17 identification number and federal employer identification number;

11.18 (3) a letter signed by the manager, administrator, or other executive of the government  
 11.19 entity authorizing the submission of the license application; and

11.20 (4) if applicable, the applicant's NPI number and UMPI number; and

11.21 (5) an email address that will be made public subject to the requirements under section  
 11.22 13.46, subdivision 4, paragraph (b), clause (1), item (i).

11.23 (i) At the time of application for licensure or renewal of a license under this chapter, the  
 11.24 applicant or license holder must acknowledge on the form provided by the commissioner  
 11.25 if the applicant or license holder elects to receive any public funding reimbursement from  
 11.26 the commissioner for services provided under the license that:

11.27 (1) the applicant's or license holder's compliance with the provider enrollment agreement  
 11.28 or registration requirements for receipt of public funding may be monitored by the  
 11.29 commissioner as part of a licensing investigation or licensing inspection; and

11.30 (2) noncompliance with the provider enrollment agreement or registration requirements  
 11.31 for receipt of public funding that is identified through a licensing investigation or licensing

12.1 inspection, or noncompliance with a licensing requirement that is a basis of enrollment for  
 12.2 reimbursement for a service, may result in:

12.3 (i) a correction order or a conditional license under section 245A.06, or sanctions under  
 12.4 section 245A.07;

12.5 (ii) nonpayment of claims submitted by the license holder for public program  
 12.6 reimbursement;

12.7 (iii) recovery of payments made for the service;

12.8 (iv) disenrollment in the public payment program; or

12.9 (v) other administrative, civil, or criminal penalties as provided by law.

12.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.11 Sec. 7. Minnesota Statutes 2022, section 245A.04, subdivision 7, is amended to read:

12.12 Subd. 7. **Grant of license; license extension.** (a) If the commissioner determines that  
 12.13 the program complies with all applicable rules and laws, the commissioner shall issue a  
 12.14 license consistent with this section or, if applicable, a temporary change of ownership license  
 12.15 under section 245A.043. At minimum, the license shall state:

12.16 (1) the name of the license holder;

12.17 (2) the address of the program;

12.18 (3) the effective date and expiration date of the license;

12.19 (4) the type of license;

12.20 (5) the maximum number and ages of persons that may receive services from the program;

12.21 ~~and~~

12.22 (6) any special conditions of licensure; and

12.23 (7) the public email address of the program.

12.24 (b) The commissioner may issue a license for a period not to exceed two years if:

12.25 (1) the commissioner is unable to conduct the ~~evaluation or~~ observation required by  
 12.26 subdivision 4, paragraph (a), clause ~~(4)~~ (3), because the program is not yet operational;

12.27 (2) certain records and documents are not available because persons are not yet receiving  
 12.28 services from the program; and

12.29 (3) the applicant complies with applicable laws and rules in all other respects.

13.1 (c) A decision by the commissioner to issue a license does not guarantee that any person  
13.2 or persons will be placed or cared for in the licensed program.

13.3 (d) Except as provided in paragraphs (f) and (g), the commissioner shall not issue or  
13.4 reissue a license if the applicant, license holder, or controlling individual has:

13.5 (1) been disqualified and the disqualification was not set aside and no variance has been  
13.6 granted;

13.7 (2) been denied a license under this chapter, within the past two years;

13.8 (3) had a license issued under this chapter revoked within the past five years;

13.9 (4) an outstanding debt related to a license fee, licensing fine, or settlement agreement  
13.10 for which payment is delinquent; or

13.11 (5) failed to submit the information required of an applicant under subdivision 1,  
13.12 paragraph (f) ~~or~~ (g), or (h), after being requested by the commissioner.

13.13 When a license issued under this chapter is revoked under clause (1) or (3), the license  
13.14 holder and controlling individual may not hold any license under chapter 245A for five  
13.15 years following the revocation, and other licenses held by the applicant, license holder, or  
13.16 controlling individual shall also be revoked.

13.17 (e) The commissioner shall not issue or reissue a license under this chapter if an individual  
13.18 living in the household where the services will be provided as specified under section  
13.19 245C.03, subdivision 1, has been disqualified and the disqualification has not been set aside  
13.20 and no variance has been granted.

13.21 (f) Pursuant to section 245A.07, subdivision 1, paragraph (b), when a license issued  
13.22 under this chapter has been suspended or revoked and the suspension or revocation is under  
13.23 appeal, the program may continue to operate pending a final order from the commissioner.  
13.24 If the license under suspension or revocation will expire before a final order is issued, a  
13.25 temporary provisional license may be issued provided any applicable license fee is paid  
13.26 before the temporary provisional license is issued.

13.27 (g) Notwithstanding paragraph (f), when a revocation is based on the disqualification  
13.28 of a controlling individual or license holder, and the controlling individual or license holder  
13.29 is ordered under section 245C.17 to be immediately removed from direct contact with  
13.30 persons receiving services or is ordered to be under continuous, direct supervision when  
13.31 providing direct contact services, the program may continue to operate only if the program  
13.32 complies with the order and submits documentation demonstrating compliance with the  
13.33 order. If the disqualified individual fails to submit a timely request for reconsideration, or

14.1 if the disqualification is not set aside and no variance is granted, the order to immediately  
14.2 remove the individual from direct contact or to be under continuous, direct supervision  
14.3 remains in effect pending the outcome of a hearing and final order from the commissioner.

14.4 (h) For purposes of reimbursement for meals only, under the Child and Adult Care Food  
14.5 Program, Code of Federal Regulations, title 7, subtitle B, chapter II, subchapter A, part 226,  
14.6 relocation within the same county by a licensed family day care provider, shall be considered  
14.7 an extension of the license for a period of no more than 30 calendar days or until the new  
14.8 license is issued, whichever occurs first, provided the county agency has determined the  
14.9 family day care provider meets licensure requirements at the new location.

14.10 (i) Unless otherwise specified by statute, all licenses issued under this chapter expire at  
14.11 12:01 a.m. on the day after the expiration date stated on the license. A license holder must  
14.12 apply for and be granted a new license to operate the program or the program must not be  
14.13 operated after the expiration date.

14.14 (j) The commissioner shall not issue or reissue a license under this chapter if it has been  
14.15 determined that a tribal licensing authority has established jurisdiction to license the program  
14.16 or service.

14.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.18 Sec. 8. Minnesota Statutes 2022, section 245A.041, is amended by adding a subdivision  
14.19 to read:

14.20 **Subd. 6. First date of direct contact; documentation requirements.** Except for family  
14.21 child care, family foster care for children, and family adult day services that the license  
14.22 holder provides in the license holder's residence, license holders must document the first  
14.23 date that a background study subject has direct contact, as defined in section 245C.02,  
14.24 subdivision 11, with a person served by the license holder's program. Unless this chapter  
14.25 otherwise requires, if the license holder does not maintain the documentation required by  
14.26 this subdivision in the license holder's personnel files, the license holder must provide the  
14.27 documentation to the commissioner upon the commissioner's request.

14.28 **EFFECTIVE DATE.** This section is effective January 1, 2024.

14.29 Sec. 9. Minnesota Statutes 2022, section 245A.07, subdivision 2a, is amended to read:

14.30 Subd. 2a. **Immediate suspension expedited hearing.** (a) Within five working days of  
14.31 receipt of the license holder's timely appeal, the commissioner shall request assignment of  
14.32 an administrative law judge. The request must include a proposed date, time, and place of

15.1 a hearing. A hearing must be conducted by an administrative law judge within 30 calendar  
15.2 days of the request for assignment, unless an extension is requested by either party and  
15.3 granted by the administrative law judge for good cause. The commissioner shall issue a  
15.4 notice of hearing by certified mail or personal service at least ten working days before the  
15.5 hearing. The scope of the hearing shall be limited solely to the issue of whether the temporary  
15.6 immediate suspension should remain in effect pending the commissioner's final order under  
15.7 section 245A.08, regarding a licensing sanction issued under subdivision 3 following the  
15.8 immediate suspension. For suspensions under subdivision 2, paragraph (a), clause (1), the  
15.9 burden of proof in expedited hearings under this subdivision shall be limited to the  
15.10 commissioner's demonstration that reasonable cause exists to believe that the license holder's  
15.11 actions or failure to comply with applicable law or rule poses, or the actions of other  
15.12 individuals or conditions in the program poses an imminent risk of harm to the health, safety,  
15.13 or rights of persons served by the program. "Reasonable cause" means there exist specific  
15.14 articulable facts or circumstances which provide the commissioner with a reasonable  
15.15 suspicion that there is an imminent risk of harm to the health, safety, or rights of persons  
15.16 served by the program. When the commissioner has determined there is reasonable cause  
15.17 to order the temporary immediate suspension of a license based on a violation of safe sleep  
15.18 requirements, as defined in section 245A.1435, the commissioner is not required to  
15.19 demonstrate that an infant died or was injured as a result of the safe sleep violations. For  
15.20 suspensions under subdivision 2, paragraph (a), clause (2), the burden of proof in expedited  
15.21 hearings under this subdivision shall be limited to the commissioner's demonstration by a  
15.22 preponderance of the evidence that, since the license was revoked, the license holder  
15.23 committed additional violations of law or rule which may adversely affect the health or  
15.24 safety of persons served by the program.

15.25 (b) The administrative law judge shall issue findings of fact, conclusions, and a  
15.26 recommendation within ten working days from the date of hearing. The parties shall have  
15.27 ten calendar days to submit exceptions to the administrative law judge's report. The record  
15.28 shall close at the end of the ten-day period for submission of exceptions. The commissioner's  
15.29 final order shall be issued within ten working days from the close of the record. When an  
15.30 appeal of a temporary immediate suspension is withdrawn or dismissed, the commissioner  
15.31 shall issue a final order affirming the temporary immediate suspension within ten calendar  
15.32 days of the commissioner's receipt of the withdrawal or dismissal. Within 90 calendar days  
15.33 after an immediate suspension has been issued and the license holder has not submitted a  
15.34 timely appeal under subdivision 2, paragraph (b), or within 90 calendar days after a final  
15.35 order affirming an immediate suspension, the commissioner shall ~~make a determination~~  
15.36 regarding determine:

16.1 (1) whether a final licensing sanction shall be issued under subdivision 3, paragraph (a),  
 16.2 clauses (1) to (5). The license holder shall continue to be prohibited from operation of the  
 16.3 program during this 90-day period; or

16.4 (2) whether the outcome of related, ongoing investigations or judicial proceedings are  
 16.5 necessary to determine if a final licensing sanction under subdivision 3, paragraph (a),  
 16.6 clauses (1) to (5), will be issued, and persons served by the program remain at an imminent  
 16.7 risk of harm during the investigation period or proceedings. If so, the commissioner shall  
 16.8 issue a suspension order under subdivision 3, paragraph (a), clause (6).

16.9 (c) When the final order under paragraph (b) affirms an immediate suspension or the  
 16.10 license holder does not submit a timely appeal of the immediate suspension, and a final  
 16.11 licensing sanction is issued under subdivision 3 and the license holder appeals that sanction,  
 16.12 the license holder continues to be prohibited from operation of the program pending a final  
 16.13 commissioner's order under section 245A.08, subdivision 5, regarding the final licensing  
 16.14 sanction.

16.15 (d) The license holder shall continue to be prohibited from operation of the program  
 16.16 while a suspension order issued under paragraph (b), clause (2), remains in effect.

16.17 ~~(d)~~ (e) For suspensions under subdivision 2, paragraph (a), clause (3), the burden of  
 16.18 proof in expedited hearings under this subdivision shall be limited to the commissioner's  
 16.19 demonstration by a preponderance of the evidence that a criminal complaint and warrant  
 16.20 or summons was issued for the license holder that was not dismissed, and that the criminal  
 16.21 charge is an offense that involves fraud or theft against a program administered by the  
 16.22 commissioner.

16.23 Sec. 10. Minnesota Statutes 2022, section 245A.07, subdivision 3, is amended to read:

16.24 Subd. 3. **License suspension, revocation, or fine.** (a) The commissioner may suspend  
 16.25 or revoke a license, or impose a fine if:

16.26 (1) a license holder fails to comply fully with applicable laws or rules including but not  
 16.27 limited to the requirements of this chapter and chapter 245C;

16.28 (2) a license holder, a controlling individual, or an individual living in the household  
 16.29 where the licensed services are provided or is otherwise subject to a background study has  
 16.30 been disqualified and the disqualification was not set aside and no variance has been granted;

16.31 (3) a license holder knowingly withholds relevant information from or gives false or  
 16.32 misleading information to the commissioner in connection with an application for a license,



17.1 in connection with the background study status of an individual, during an investigation,  
17.2 or regarding compliance with applicable laws or rules;

17.3 (4) a license holder is excluded from any program administered by the commissioner  
17.4 under section 245.095; ~~or~~

17.5 (5) revocation is required under section 245A.04, subdivision 7, paragraph (d); or

17.6 (6) suspension is necessary under subdivision 2a, paragraph (b), clause (2).

17.7 A license holder who has had a license issued under this chapter suspended, revoked,  
17.8 or has been ordered to pay a fine must be given notice of the action by certified mail or  
17.9 personal service. If mailed, the notice must be mailed to the address shown on the application  
17.10 or the last known address of the license holder. The notice must state in plain language the  
17.11 reasons the license was suspended or revoked, or a fine was ordered.

17.12 (b) If the license was suspended or revoked, the notice must inform the license holder  
17.13 of the right to a contested case hearing under chapter 14 and Minnesota Rules, parts  
17.14 1400.8505 to 1400.8612. The license holder may appeal an order suspending or revoking  
17.15 a license. The appeal of an order suspending or revoking a license must be made in writing  
17.16 by certified mail or personal service. If mailed, the appeal must be postmarked and sent to  
17.17 the commissioner within ten calendar days after the license holder receives notice that the  
17.18 license has been suspended or revoked. If a request is made by personal service, it must be  
17.19 received by the commissioner within ten calendar days after the license holder received the  
17.20 order. Except as provided in subdivision 2a, paragraph (c), if a license holder submits a  
17.21 timely appeal of an order suspending or revoking a license, the license holder may continue  
17.22 to operate the program as provided in section 245A.04, subdivision 7, paragraphs (f) and  
17.23 (g), until the commissioner issues a final order on the suspension or revocation.

17.24 (c)(1) If the license holder was ordered to pay a fine, the notice must inform the license  
17.25 holder of the responsibility for payment of fines and the right to a contested case hearing  
17.26 under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The appeal of an  
17.27 order to pay a fine must be made in writing by certified mail or personal service. If mailed,  
17.28 the appeal must be postmarked and sent to the commissioner within ten calendar days after  
17.29 the license holder receives notice that the fine has been ordered. If a request is made by  
17.30 personal service, it must be received by the commissioner within ten calendar days after  
17.31 the license holder received the order.

17.32 (2) The license holder shall pay the fines assessed on or before the payment date specified.  
17.33 If the license holder fails to fully comply with the order, the commissioner may issue a  
17.34 second fine or suspend the license until the license holder complies. If the license holder

18.1 receives state funds, the state, county, or municipal agencies or departments responsible for  
18.2 administering the funds shall withhold payments and recover any payments made while the  
18.3 license is suspended for failure to pay a fine. A timely appeal shall stay payment of the fine  
18.4 until the commissioner issues a final order.

18.5 (3) A license holder shall promptly notify the commissioner of human services, in writing,  
18.6 when a violation specified in the order to forfeit a fine is corrected. If upon reinspection the  
18.7 commissioner determines that a violation has not been corrected as indicated by the order  
18.8 to forfeit a fine, the commissioner may issue a second fine. The commissioner shall notify  
18.9 the license holder by certified mail or personal service that a second fine has been assessed.  
18.10 The license holder may appeal the second fine as provided under this subdivision.

18.11 (4) Fines shall be assessed as follows:

18.12 (i) the license holder shall forfeit \$1,000 for each determination of maltreatment of a  
18.13 child under chapter 260E or the maltreatment of a vulnerable adult under section 626.557  
18.14 for which the license holder is determined responsible for the maltreatment under section  
18.15 260E.30, subdivision 4, paragraphs (a) and (b), or 626.557, subdivision 9c, paragraph (c);

18.16 (ii) if the commissioner determines that a determination of maltreatment for which the  
18.17 license holder is responsible is the result of maltreatment that meets the definition of serious  
18.18 maltreatment as defined in section 245C.02, subdivision 18, the license holder shall forfeit  
18.19 \$5,000;

18.20 (iii) for a program that operates out of the license holder's home and a program licensed  
18.21 under Minnesota Rules, parts 9502.0300 to 9502.0445, the fine assessed against the license  
18.22 holder shall not exceed \$1,000 for each determination of maltreatment;

18.23 (iv) the license holder shall forfeit \$200 for each occurrence of a violation of law or rule  
18.24 governing matters of health, safety, or supervision, including but not limited to the provision  
18.25 of adequate staff-to-child or adult ratios, and failure to comply with background study  
18.26 requirements under chapter 245C; and

18.27 (v) the license holder shall forfeit \$100 for each occurrence of a violation of law or rule  
18.28 other than those subject to a \$5,000, \$1,000, or \$200 fine in items (i) to (iv).

18.29 For purposes of this section, "occurrence" means each violation identified in the  
18.30 commissioner's fine order. Fines assessed against a license holder that holds a license to  
18.31 provide home and community-based services, as identified in section 245D.03, subdivision  
18.32 1, and a community residential setting or day services facility license under chapter 245D  
18.33 where the services are provided, may be assessed against both licenses for the same

19.1 occurrence, but the combined amount of the fines shall not exceed the amount specified in  
19.2 this clause for that occurrence.

19.3 (5) When a fine has been assessed, the license holder may not avoid payment by closing,  
19.4 selling, or otherwise transferring the licensed program to a third party. In such an event, the  
19.5 license holder will be personally liable for payment. In the case of a corporation, each  
19.6 controlling individual is personally and jointly liable for payment.

19.7 (d) Except for background study violations involving the failure to comply with an order  
19.8 to immediately remove an individual or an order to provide continuous, direct supervision,  
19.9 the commissioner shall not issue a fine under paragraph (c) relating to a background study  
19.10 violation to a license holder who self-corrects a background study violation before the  
19.11 commissioner discovers the violation. A license holder who has previously exercised the  
19.12 provisions of this paragraph to avoid a fine for a background study violation may not avoid  
19.13 a fine for a subsequent background study violation unless at least 365 days have passed  
19.14 since the license holder self-corrected the earlier background study violation.

19.15 Sec. 11. Minnesota Statutes 2022, section 245A.10, subdivision 3, is amended to read:

19.16 Subd. 3. **Application fee for initial license or certification.** (a) For fees required under  
19.17 subdivision 1, an applicant for an initial license or certification issued by the commissioner  
19.18 shall submit a \$500 application fee with each new application required under this subdivision.  
19.19 An applicant for an initial day services facility license under chapter 245D shall submit a  
19.20 \$250 application fee with each new application. The application fee shall not be prorated,  
19.21 is nonrefundable, and is in lieu of the annual license or certification fee that expires on  
19.22 December 31. The commissioner shall not process an application until the application fee  
19.23 is paid.

19.24 (b) Except as provided in clauses (1) ~~to (3)~~ and (2), an applicant shall apply for a license  
19.25 to provide services at a specific location.

19.26 (1) For a license to provide home and community-based services to persons with  
19.27 disabilities or age 65 and older under chapter 245D, an applicant shall submit an application  
19.28 to provide services statewide. Notwithstanding paragraph (a), applications received by the  
19.29 commissioner between July 1, 2013, and December 31, 2013, for licensure of services  
19.30 provided under chapter 245D must include an application fee that is equal to the annual  
19.31 license renewal fee under subdivision 4, paragraph (b), or \$500, whichever is less.  
19.32 Applications received by the commissioner after January 1, 2014, must include the application  
19.33 fee required under paragraph (a). Applicants who meet the modified application criteria  
19.34 identified in section 245A.042, subdivision 2, are exempt from paying an application fee.

20.1 ~~(2) For a license to provide independent living assistance for youth under section 245A.22,~~  
 20.2 ~~an applicant shall submit a single application to provide services statewide.~~

20.3 ~~(3)~~ (2) For a license for a private agency to provide foster care or adoption services under  
 20.4 Minnesota Rules, parts 9545.0755 to 9545.0845, an applicant shall submit a single application  
 20.5 to provide services statewide.

20.6 (c) The initial application fee charged under this subdivision does not include the  
 20.7 temporary license surcharge under section 16E.22.

20.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.9 Sec. 12. Minnesota Statutes 2022, section 245A.10, subdivision 4, is amended to read:

20.10 Subd. 4. **License or certification fee for certain programs.** (a) Child care centers shall  
 20.11 pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	Child Care Center License Fee
1 to 24 persons	\$200
25 to 49 persons	\$300
50 to 74 persons	\$400
75 to 99 persons	\$500
100 to 124 persons	\$600
125 to 149 persons	\$700
150 to 174 persons	\$800
175 to 199 persons	\$900
200 to 224 persons	\$1,000
225 or more persons	\$1,100

20.24 (b)(1) A program licensed to provide one or more of the home and community-based  
 20.25 services and supports identified under chapter 245D to persons with disabilities or age 65  
 20.26 and older, shall pay an annual nonrefundable license fee based on revenues derived from  
 20.27 the provision of services that would require licensure under chapter 245D during the calendar  
 20.28 year immediately preceding the year in which the license fee is paid, according to the  
 20.29 following schedule:

License Holder Annual Revenue	License Fee
less than or equal to \$10,000	\$200
greater than \$10,000 but less than or equal to \$25,000	\$300
greater than \$25,000 but less than or equal to \$50,000	\$400

21.1	greater than \$50,000 but less than or	
21.2	equal to \$100,000	\$500
21.3	greater than \$100,000 but less than or	
21.4	equal to \$150,000	\$600
21.5	greater than \$150,000 but less than or	
21.6	equal to \$200,000	\$800
21.7	greater than \$200,000 but less than or	
21.8	equal to \$250,000	\$1,000
21.9	greater than \$250,000 but less than or	
21.10	equal to \$300,000	\$1,200
21.11	greater than \$300,000 but less than or	
21.12	equal to \$350,000	\$1,400
21.13	greater than \$350,000 but less than or	
21.14	equal to \$400,000	\$1,600
21.15	greater than \$400,000 but less than or	
21.16	equal to \$450,000	\$1,800
21.17	greater than \$450,000 but less than or	
21.18	equal to \$500,000	\$2,000
21.19	greater than \$500,000 but less than or	
21.20	equal to \$600,000	\$2,250
21.21	greater than \$600,000 but less than or	
21.22	equal to \$700,000	\$2,500
21.23	greater than \$700,000 but less than or	
21.24	equal to \$800,000	\$2,750
21.25	greater than \$800,000 but less than or	
21.26	equal to \$900,000	\$3,000
21.27	greater than \$900,000 but less than or	
21.28	equal to \$1,000,000	\$3,250
21.29	greater than \$1,000,000 but less than or	
21.30	equal to \$1,250,000	\$3,500
21.31	greater than \$1,250,000 but less than or	
21.32	equal to \$1,500,000	\$3,750
21.33	greater than \$1,500,000 but less than or	
21.34	equal to \$1,750,000	\$4,000
21.35	greater than \$1,750,000 but less than or	
21.36	equal to \$2,000,000	\$4,250
21.37	greater than \$2,000,000 but less than or	
21.38	equal to \$2,500,000	\$4,500
21.39	greater than \$2,500,000 but less than or	
21.40	equal to \$3,000,000	\$4,750
21.41	greater than \$3,000,000 but less than or	
21.42	equal to \$3,500,000	\$5,000
21.43	greater than \$3,500,000 but less than or	
21.44	equal to \$4,000,000	\$5,500
21.45	greater than \$4,000,000 but less than or	
21.46	equal to \$4,500,000	\$6,000

22.1	greater than \$4,500,000 but less than or	
22.2	equal to \$5,000,000	\$6,500
22.3	greater than \$5,000,000 but less than or	
22.4	equal to \$7,500,000	\$7,000
22.5	greater than \$7,500,000 but less than or	
22.6	equal to \$10,000,000	\$8,500
22.7	greater than \$10,000,000 but less than or	
22.8	equal to \$12,500,000	\$10,000
22.9	greater than \$12,500,000 but less than or	
22.10	equal to \$15,000,000	\$14,000
22.11	greater than \$15,000,000	\$18,000

22.12 (2) If requested, the license holder shall provide the commissioner information to verify  
 22.13 the license holder's annual revenues or other information as needed, including copies of  
 22.14 documents submitted to the Department of Revenue.

22.15 (3) At each annual renewal, a license holder may elect to pay the highest renewal fee,  
 22.16 and not provide annual revenue information to the commissioner.

22.17 (4) A license holder that knowingly provides the commissioner incorrect revenue amounts  
 22.18 for the purpose of paying a lower license fee shall be subject to a civil penalty in the amount  
 22.19 of double the fee the provider should have paid.

22.20 (5) Notwithstanding clause (1), a license holder providing services under one or more  
 22.21 licenses under chapter 245B that are in effect on May 15, 2013, shall pay an annual license  
 22.22 fee for calendar years 2014, 2015, and 2016, equal to the total license fees paid by the license  
 22.23 holder for all licenses held under chapter 245B for calendar year 2013. For calendar year  
 22.24 2017 and thereafter, the license holder shall pay an annual license fee according to clause  
 22.25 (1).

22.26 (c) A substance use disorder treatment program licensed under chapter 245G, to provide  
 22.27 substance use disorder treatment shall pay an annual nonrefundable license fee based on  
 22.28 the following schedule:

22.29	Licensed Capacity	License Fee
22.30	1 to 24 persons	\$600
22.31	25 to 49 persons	\$800
22.32	50 to 74 persons	\$1,000
22.33	75 to 99 persons	\$1,200
22.34	100 or more persons	\$1,400

23.1 (d) A detoxification program licensed under Minnesota Rules, parts 9530.6510 to  
 23.2 9530.6590, or a withdrawal management program licensed under chapter 245F shall pay  
 23.3 an annual nonrefundable license fee based on the following schedule:

23.4	Licensed Capacity	License Fee
23.5	1 to 24 persons	\$760
23.6	25 to 49 persons	\$960
23.7	50 or more persons	\$1,160

23.8 A detoxification program that also operates a withdrawal management program at the same  
 23.9 location shall only pay one fee based upon the licensed capacity of the program with the  
 23.10 higher overall capacity.

23.11 (e) Except for child foster care, a residential facility licensed under Minnesota Rules,  
 23.12 chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the  
 23.13 following schedule:

23.14	Licensed Capacity	License Fee
23.15	1 to 24 persons	\$1,000
23.16	25 to 49 persons	\$1,100
23.17	50 to 74 persons	\$1,200
23.18	75 to 99 persons	\$1,300
23.19	100 or more persons	\$1,400

23.20 (f) A residential facility licensed under section 245I.23 or Minnesota Rules, parts  
 23.21 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual  
 23.22 nonrefundable license fee based on the following schedule:

23.23	Licensed Capacity	License Fee
23.24	1 to 24 persons	\$2,525
23.25	25 or more persons	\$2,725

23.26 (g) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400,  
 23.27 to serve persons with physical disabilities shall pay an annual nonrefundable license fee  
 23.28 based on the following schedule:

23.29	Licensed Capacity	License Fee
23.30	1 to 24 persons	\$450
23.31	25 to 49 persons	\$650
23.32	50 to 74 persons	\$850
23.33	75 to 99 persons	\$1,050
23.34	100 or more persons	\$1,250

24.1 ~~(h)~~ A program licensed to provide independent living assistance for youth under section  
 24.2 245A.22 shall pay an annual nonrefundable license fee of \$1,500.

24.3 ~~(h)~~ (h) A private agency licensed to provide foster care and adoption services under  
 24.4 Minnesota Rules, parts 9545.0755 to 9545.0845, shall pay an annual nonrefundable license  
 24.5 fee of \$875.

24.6 ~~(i)~~ (i) A program licensed as an adult day care center licensed under Minnesota Rules,  
 24.7 parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the  
 24.8 following schedule:

24.9	Licensed Capacity	License Fee
24.10	1 to 24 persons	\$500
24.11	25 to 49 persons	\$700
24.12	50 to 74 persons	\$900
24.13	75 to 99 persons	\$1,100
24.14	100 or more persons	\$1,300

24.15 ~~(j)~~ (j) A program licensed to provide treatment services to persons with sexual  
 24.16 psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts  
 24.17 9515.3000 to 9515.3110, shall pay an annual nonrefundable license fee of \$20,000.

24.18 ~~(k)~~ (k) A mental health clinic certified under section 245I.20 shall pay an annual  
 24.19 nonrefundable certification fee of \$1,550. If the mental health clinic provides services at a  
 24.20 primary location with satellite facilities, the satellite facilities shall be certified with the  
 24.21 primary location without an additional charge.

24.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.23 Sec. 13. Minnesota Statutes 2022, section 245A.16, subdivision 1, is amended to read:

24.24 Subdivision 1. **Delegation of authority to agencies.** (a) County agencies and private  
 24.25 agencies that have been designated or licensed by the commissioner to perform licensing  
 24.26 functions and activities under section 245A.04 and background studies for family child care  
 24.27 under chapter 245C; to recommend denial of applicants under section 245A.05; to issue  
 24.28 correction orders, to issue variances, and recommend a conditional license under section  
 24.29 245A.06; or to recommend suspending or revoking a license or issuing a fine under section  
 24.30 245A.07, shall comply with rules and directives of the commissioner governing those  
 24.31 functions and with this section. The following variances are excluded from the delegation  
 24.32 of variance authority and may be issued only by the commissioner:



25.1 (1) dual licensure of family child care and child foster care, dual licensure of child and  
 25.2 adult foster care, and adult foster care and family child care;

25.3 (2) adult foster care maximum capacity;

25.4 (3) adult foster care minimum age requirement;

25.5 (4) child foster care maximum age requirement;

25.6 (5) variances regarding disqualified individuals ~~except that, before the implementation~~  
 25.7 ~~of NETStudy 2.0, county agencies may issue variances under section 245C.30 regarding~~  
 25.8 ~~disqualified individuals when the county is responsible for conducting a consolidated~~  
 25.9 ~~reconsideration according to sections 245C.25 and 245C.27, subdivision 2, clauses (a) and~~  
 25.10 ~~(b), of a county maltreatment determination and a disqualification based on serious or~~  
 25.11 ~~recurring maltreatment;~~

25.12 (6) the required presence of a caregiver in the adult foster care residence during normal  
 25.13 sleeping hours;

25.14 (7) variances to requirements relating to chemical use problems of a license holder or a  
 25.15 household member of a license holder; and

25.16 (8) variances to section 245A.53 for a time-limited period. If the commissioner grants  
 25.17 a variance under this clause, the license holder must provide notice of the variance to all  
 25.18 parents and guardians of the children in care.

25.19 Except as provided in section 245A.14, subdivision 4, paragraph (e), a county agency must  
 25.20 not grant a license holder a variance to exceed the maximum allowable family child care  
 25.21 license capacity of 14 children.

25.22 (b) A county agency that has been designated by the commissioner to issue family child  
 25.23 care variances must:

25.24 (1) publish the county agency's policies and criteria for issuing variances on the county's  
 25.25 public website and update the policies as necessary; and

25.26 (2) annually distribute the county agency's policies and criteria for issuing variances to  
 25.27 all family child care license holders in the county.

25.28 ~~(c) Before the implementation of NETStudy 2.0, county agencies must report information~~  
 25.29 ~~about disqualification reconsiderations under sections 245C.25 and 245C.27, subdivision~~  
 25.30 ~~2, paragraphs (a) and (b), and variances granted under paragraph (a), clause (5), to the~~  
 25.31 ~~commissioner at least monthly in a format prescribed by the commissioner.~~

26.1 ~~(d)~~ (c) For family child care programs, the commissioner shall require a county agency  
 26.2 to conduct one unannounced licensing review at least annually.

26.3 ~~(e)~~ (d) For family adult day services programs, the commissioner may authorize licensing  
 26.4 reviews every two years after a licensee has had at least one annual review.

26.5 ~~(f)~~ (e) A license issued under this section may be issued for up to two years.

26.6 ~~(g)~~ (f) During implementation of chapter 245D, the commissioner shall consider:

26.7 (1) the role of counties in quality assurance;

26.8 (2) the duties of county licensing staff; and

26.9 (3) the possible use of joint powers agreements, according to section 471.59, with counties  
 26.10 through which some licensing duties under chapter 245D may be delegated by the  
 26.11 commissioner to the counties.

26.12 Any consideration related to this paragraph must meet all of the requirements of the corrective  
 26.13 action plan ordered by the federal Centers for Medicare and Medicaid Services.

26.14 ~~(h)~~ (g) Licensing authority specific to section 245D.06, subdivisions 5, 6, 7, and 8, or  
 26.15 successor provisions; and section 245D.061 or successor provisions, for family child foster  
 26.16 care programs providing out-of-home respite, as identified in section 245D.03, subdivision  
 26.17 1, paragraph (b), clause (1), is excluded from the delegation of authority to county and  
 26.18 private agencies.

26.19 ~~(i)~~ (h) A county agency shall report to the commissioner, in a manner prescribed by the  
 26.20 commissioner, the following information for a licensed family child care program:

26.21 (1) the results of each licensing review completed, including the date of the review, and  
 26.22 any licensing correction order issued;

26.23 (2) any death, serious injury, or determination of substantiated maltreatment; and

26.24 (3) any fires that require the service of a fire department within 48 hours of the fire. The  
 26.25 information under this clause must also be reported to the state fire marshal within two  
 26.26 business days of receiving notice from a licensed family child care provider.

26.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

26.28 Sec. 14. **[245A.211] PRONE RESTRAINT PROHIBITION.**

26.29 **Subdivision 1. Applicability.** This section applies to all programs licensed or certified  
 26.30 **under this chapter, chapters 245D, 245F, 245G, 245H, and sections 245I.20 and 245I.23.**

27.1 The requirements in this section are in addition to any applicable requirements for the use  
 27.2 of holds or restraints for each license or certification type.

27.3 Subd. 2. **Definitions.** (a) "Mechanical restraint" means a restraint device that limits the  
 27.4 voluntary movement of a person or the person's limbs.

27.5 (b) "Prone restraint" means a restraint that places a person in a face-down position with  
 27.6 the person's chest in contact with the floor or other surface.

27.7 (c) "Restraint" means a physical hold, physical restraint, manual restraint, restraint  
 27.8 equipment, or mechanical restraint that holds a person immobile or limits the voluntary  
 27.9 movement of a person or the person's limbs.

27.10 Subd. 3. **Prone restraint prohibition.** (a) A license or certification holder must not use  
 27.11 a prone restraint on any person receiving services in a program, except in the instances  
 27.12 allowed by paragraphs (b) to (d).

27.13 (b) If a person rolls into a prone position during the use of a restraint, the person must  
 27.14 be restored to a nonprone position as quickly as possible.

27.15 (c) If the applicable licensing requirements allow a program to use mechanical restraints,  
 27.16 a person may be briefly held in a prone restraint for the purpose of applying mechanical  
 27.17 restraints if the person is restored to a nonprone position as quickly as possible.

27.18 (d) If the applicable licensing requirements allow a program to use seclusion, a person  
 27.19 may be briefly held in a prone restraint to allow staff to safely exit a seclusion room.

27.20 Subd. 4. **Contraindicated physical restraints.** A license or certification holder must  
 27.21 not implement a restraint on a person receiving services in a program in a way that is  
 27.22 contraindicated for any of the person's known medical or psychological conditions. Prior  
 27.23 to using restraints on a person, the license or certification holder must assess and document  
 27.24 a determination of any medical or psychological conditions that restraints are contraindicated  
 27.25 for and the type of restraints that will not be used on the person based on this determination.

27.26 Sec. 15. Minnesota Statutes 2022, section 245C.02, subdivision 6a, is amended to read:

27.27 Subd. 6a. **Child care background study subject.** (a) "Child care background study  
 27.28 subject" means an individual who is affiliated with a licensed child care center, certified  
 27.29 license-exempt child care center, licensed family child care program, or legal nonlicensed  
 27.30 child care provider authorized under chapter 119B, and who is:

27.31 (1) employed by a child care provider for compensation;

27.32 (2) assisting in the care of a child for a child care provider;

- 28.1 (3) a person applying for licensure, certification, or enrollment;
- 28.2 (4) a controlling individual as defined in section 245A.02, subdivision 5a;
- 28.3 (5) an individual 13 years of age or older who lives in the household where the licensed  
28.4 program will be provided and who is not receiving licensed services from the program;
- 28.5 (6) an individual ten to 12 years of age who lives in the household where the licensed  
28.6 services will be provided when the commissioner has reasonable cause as defined in section  
28.7 245C.02, subdivision 15;
- 28.8 (7) an individual who, without providing direct contact services at a licensed program,  
28.9 certified program, or program authorized under chapter 119B, may have unsupervised access  
28.10 to a child receiving services from a program when the commissioner has reasonable cause  
28.11 as defined in section 245C.02, subdivision 15; or
- 28.12 (8) a volunteer, contractor providing services for hire in the program, prospective  
28.13 employee, or other individual who has unsupervised physical access to a child served by a  
28.14 program and who is not under supervision by an individual listed in clause (1) or (5),  
28.15 regardless of whether the individual provides program services.
- 28.16 (b) Notwithstanding paragraph (a), an individual who is providing services that are not  
28.17 part of the child care program is not required to have a background study if:
- 28.18 (1) the child receiving services is signed out of the child care program for the duration  
28.19 that the services are provided;
- 28.20 (2) the licensed child care center, certified license-exempt child care center, licensed  
28.21 family child care program, or legal nonlicensed child care provider authorized under chapter  
28.22 119B has obtained advanced written permission from the parent authorizing the child to  
28.23 receive the services, which is maintained in the child's record;
- 28.24 (3) the licensed child care center, certified license-exempt child care center, licensed  
28.25 family child care program, or legal nonlicensed child care provider authorized under chapter  
28.26 119B maintains documentation on site that identifies the individual service provider and  
28.27 the services being provided; and
- 28.28 (4) the licensed child care center, certified license-exempt child care center, licensed  
28.29 family child care program, or legal nonlicensed child care provider authorized under chapter  
28.30 119B ensures that the service provider does not have unsupervised access to a child not  
28.31 receiving the provider's services.

29.1 Sec. 16. Minnesota Statutes 2022, section 245C.02, subdivision 11c, is amended to read:

29.2 Subd. 11c. **Entity.** "Entity" means any program, organization, license holder, government  
 29.3 agency, or agency initiating required to initiate a background study.

29.4 Sec. 17. Minnesota Statutes 2022, section 245C.02, is amended by adding a subdivision  
 29.5 to read:

29.6 Subd. 11f. **Employee.** "Employee" means an individual who provides services or seeks  
 29.7 to provide services for the entity with which they are required to be affiliated in NETStudy  
 29.8 2.0 and who is subject to oversight by the entity, which includes but is not limited to  
 29.9 continuous, direct supervision by the entity and being subject to immediate removal from  
 29.10 providing direct care services by the entity when required.

29.11 Sec. 18. Minnesota Statutes 2022, section 245C.02, is amended by adding a subdivision  
 29.12 to read:

29.13 Subd. 22. **Volunteer.** "Volunteer" means an individual who provides or seeks to provide  
 29.14 services for an entity without direct compensation for services provided, is required to be  
 29.15 affiliated in NETStudy 2.0 and is subject to oversight by the entity, including but not limited  
 29.16 to continuous, direct supervision and immediate removal from providing direct care services  
 29.17 when required.

29.18 Sec. 19. Minnesota Statutes 2022, section 245C.03, subdivision 1, is amended to read:

29.19 Subdivision 1. **Licensed programs.** (a) The commissioner shall conduct a background  
 29.20 study on:

29.21 (1) the person or persons applying for a license;

29.22 (2) an individual age 13 and over living in the household where the licensed program  
 29.23 will be provided who is not receiving licensed services from the program;

29.24 (3) current or prospective employees ~~or contractors~~ of the applicant who will have direct  
 29.25 contact with persons served by the facility, agency, or program;

29.26 (4) volunteers or student volunteers who will have direct contact with persons served  
 29.27 by the program to provide program services if the contact is not under the continuous, direct  
 29.28 supervision by an individual listed in clause (1) or (3);

29.29 (5) an individual age ten to 12 living in the household where the licensed services will  
 29.30 be provided when the commissioner has reasonable cause as defined in section 245C.02,  
 29.31 subdivision 15;

30.1 (6) an individual who, without providing direct contact services at a licensed program,  
 30.2 may have unsupervised access to children or vulnerable adults receiving services from a  
 30.3 program, when the commissioner has reasonable cause as defined in section 245C.02,  
 30.4 subdivision 15;

30.5 (7) all controlling individuals as defined in section 245A.02, subdivision 5a;

30.6 (8) notwithstanding the other requirements in this subdivision, child care background  
 30.7 study subjects as defined in section 245C.02, subdivision 6a; and

30.8 (9) notwithstanding clause (3), for children's residential facilities and foster residence  
 30.9 settings, any adult working in the facility, whether or not the individual will have direct  
 30.10 contact with persons served by the facility.

30.11 (b) For child foster care when the license holder resides in the home where foster care  
 30.12 services are provided, a short-term substitute caregiver providing direct contact services for  
 30.13 a child for less than 72 hours of continuous care is not required to receive a background  
 30.14 study under this chapter.

30.15 (c) This subdivision applies to the following programs that must be licensed under  
 30.16 chapter 245A:

30.17 (1) adult foster care;

30.18 (2) child foster care;

30.19 (3) children's residential facilities;

30.20 (4) family child care;

30.21 (5) licensed child care centers;

30.22 (6) licensed home and community-based services under chapter 245D;

30.23 (7) residential mental health programs for adults;

30.24 (8) substance use disorder treatment programs under chapter 245G;

30.25 (9) withdrawal management programs under chapter 245F;

30.26 (10) adult day care centers;

30.27 (11) family adult day services;

30.28 ~~(12) independent living assistance for youth;~~

30.29 ~~(13)~~ (12) detoxification programs;

30.30 ~~(14)~~ (13) community residential settings; and

31.1 ~~(15)~~(14) intensive residential treatment services and residential crisis stabilization under  
31.2 chapter 245I.

31.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

31.4 Sec. 20. Minnesota Statutes 2022, section 245C.03, subdivision 1a, is amended to read:

31.5 Subd. 1a. **Procedure.** (a) Individuals and organizations that are required under this  
31.6 section to have or initiate background studies shall comply with the requirements of this  
31.7 chapter.

31.8 (b) All studies conducted under this section shall be conducted according to sections  
31.9 299C.60 to 299C.64, including the consent and self-disclosure required in section 299C.62,  
31.10 subdivision 2. This requirement does not apply to subdivisions 1, paragraph (c), clauses (2)  
31.11 to (5), and 6a.

31.12 Sec. 21. Minnesota Statutes 2022, section 245C.03, subdivision 4, is amended to read:

31.13 Subd. 4. **Personnel pool agencies; temporary personnel agencies; educational**  
31.14 **programs; professional services agencies.** (a) The commissioner also may conduct studies  
31.15 on individuals specified in subdivision 1, paragraph (a), clauses (3) and (4), when the studies  
31.16 are initiated by:

31.17 (1) personnel pool agencies;

31.18 (2) temporary personnel agencies;

31.19 (3) educational programs that train individuals by providing direct contact services in  
31.20 licensed programs; and

31.21 (4) professional services agencies that are not licensed and ~~which contract~~ that work  
31.22 with licensed programs to provide direct contact services or individuals who provide direct  
31.23 contact services.

31.24 (b) Personnel pool agencies, temporary personnel agencies, and professional services  
31.25 agencies must employ the individuals providing direct care services for children, people  
31.26 with disabilities, or the elderly. Individuals must be affiliated in NETStudy 2.0 and subject  
31.27 to oversight by the entity, which includes but is not limited to continuous, direct supervision  
31.28 by the entity and being subject to immediate removal from providing direct care services  
31.29 by the entity when required.

32.1 Sec. 22. Minnesota Statutes 2022, section 245C.03, subdivision 5, is amended to read:

32.2 Subd. 5. **Other state agencies.** The commissioner shall conduct background studies on  
32.3 applicants and license holders under the jurisdiction of other state agencies who are required  
32.4 in other statutory sections to initiate background studies under this chapter, including the  
32.5 applicant's or license holder's employees, ~~contractors~~, and volunteers when required under  
32.6 other statutory sections.

32.7 Sec. 23. Minnesota Statutes 2022, section 245C.03, subdivision 5a, is amended to read:

32.8 Subd. 5a. **Facilities serving children or adults licensed or regulated by the**  
32.9 **Department of Health.** (a) Except as specified in paragraph (b), the commissioner shall  
32.10 conduct background studies of:

32.11 (1) individuals providing services who have direct contact, as defined under section  
32.12 245C.02, subdivision 11, with patients and residents in hospitals, boarding care homes,  
32.13 outpatient surgical centers licensed under sections 144.50 to 144.58; nursing homes and  
32.14 home care agencies licensed under chapter 144A; assisted living facilities and assisted living  
32.15 facilities with dementia care licensed under chapter 144G; and board and lodging  
32.16 establishments that are registered to provide supportive or health supervision services under  
32.17 section 157.17;

32.18 (2) individuals specified in subdivision 2 who provide direct contact services in a nursing  
32.19 home or a home care agency licensed under chapter 144A; an assisted living facility or  
32.20 assisted living facility with dementia care licensed under chapter 144G; or a boarding care  
32.21 home licensed under sections 144.50 to 144.58. If the individual undergoing a study resides  
32.22 outside of Minnesota, the study must include a check for substantiated findings of  
32.23 maltreatment of adults and children in the individual's state of residence when the state  
32.24 makes the information available;

32.25 (3) all other employees in assisted living facilities or assisted living facilities with  
32.26 dementia care licensed under chapter 144G, nursing homes licensed under chapter 144A,  
32.27 and boarding care homes licensed under sections 144.50 to 144.58. A disqualification of  
32.28 an individual in this section shall disqualify the individual from positions allowing direct  
32.29 contact with or access to patients or residents receiving services. "Access" means physical  
32.30 access to a client or the client's personal property without continuous, direct supervision as  
32.31 defined in section 245C.02, subdivision 8, when the employee's employment responsibilities  
32.32 do not include providing direct contact services;



33.1 (4) individuals employed by a supplemental nursing services agency, as defined under  
33.2 section 144A.70, who are providing services in health care facilities;

33.3 (5) controlling persons of a supplemental nursing services agency, as defined by section  
33.4 144A.70; and

33.5 (6) license applicants, owners, managerial officials, and controlling individuals who are  
33.6 required under section 144A.476, subdivision 1, or 144G.13, subdivision 1, to undergo a  
33.7 background study under this chapter, regardless of the licensure status of the license applicant,  
33.8 owner, managerial official, or controlling individual.

33.9 (b) ~~The commissioner of human services shall not conduct~~ An entity shall not initiate a  
33.10 background study on any individual identified in paragraph (a), clauses (1) to (5), if the  
33.11 individual has a valid license issued by a health-related licensing board as defined in section  
33.12 214.01, subdivision 2, and has completed the criminal background check as required in  
33.13 section 214.075. An entity that is affiliated with individuals who meet the requirements of  
33.14 this paragraph must separate those individuals from the entity's roster for NETStudy 2.0.  
33.15 The Department of Human Services is not liable for conducting background studies that  
33.16 have been submitted or not removed from the roster in violation of this provision.

33.17 (c) If a facility or program is licensed by the Department of Human Services and the  
33.18 Department of Health and is subject to the background study provisions of this chapter, the  
33.19 Department of Human Services is solely responsible for the background studies of individuals  
33.20 in the jointly licensed program.

33.21 (d) The commissioner of health shall review and make decisions regarding reconsideration  
33.22 requests, including whether to grant variances, according to the procedures and criteria in  
33.23 this chapter. The commissioner of health shall inform the requesting individual and the  
33.24 Department of Human Services of the commissioner of health's decision regarding the  
33.25 reconsideration. The commissioner of health's decision to grant or deny a reconsideration  
33.26 of a disqualification is a final administrative agency action.

33.27 Sec. 24. Minnesota Statutes 2022, section 245C.031, subdivision 1, is amended to read:

33.28 Subdivision 1. **Alternative background studies.** (a) The commissioner shall conduct  
33.29 an alternative background study of individuals listed in this section.

33.30 (b) Notwithstanding other sections of this chapter, all alternative background studies  
33.31 except subdivision 12 shall be conducted according to this section and with sections 299C.60  
33.32 to 299C.64, including the consent and self-disclosure required in section 299C.62, subdivision  
33.33 2.

34.1 (c) All terms in this section shall have the definitions provided in section 245C.02.

34.2 (d) The entity that submits an alternative background study request under this section  
34.3 shall submit the request to the commissioner according to section 245C.05.

34.4 (e) The commissioner shall comply with the destruction requirements in section 245C.051.

34.5 (f) Background studies conducted under this section are subject to the provisions of  
34.6 section 245C.32.

34.7 (g) The commissioner shall forward all information that the commissioner receives under  
34.8 section 245C.08 to the entity that submitted the alternative background study request under  
34.9 subdivision 2. The commissioner shall not make any eligibility determinations regarding  
34.10 background studies conducted under this section.

34.11 Sec. 25. Minnesota Statutes 2022, section 245C.031, subdivision 4, is amended to read:

34.12 Subd. 4. **Applicants, licensees, and other occupations regulated by the commissioner**  
34.13 **of health.** The commissioner shall conduct an alternative background study, including a  
34.14 check of state data, and a national criminal history records check of the following individuals.  
34.15 For studies under this section, the following persons shall complete a consent form and  
34.16 criminal history disclosure form:

34.17 (1) An applicant for initial licensure, temporary licensure, or relicensure after a lapse in  
34.18 licensure as an audiologist or speech-language pathologist or an applicant for initial  
34.19 certification as a hearing instrument dispenser who must submit to a background study  
34.20 under section 144.0572.

34.21 (2) An applicant for a renewal license or certificate as an audiologist, speech-language  
34.22 pathologist, or hearing instrument dispenser who was licensed or obtained a certificate  
34.23 before January 1, 2018.

34.24 Sec. 26. Minnesota Statutes 2022, section 245C.05, subdivision 1, is amended to read:

34.25 Subdivision 1. **Individual studied.** (a) The individual who is the subject of the  
34.26 background study must provide the applicant, license holder, or other entity under section  
34.27 245C.04 with sufficient information to ensure an accurate study, including:

34.28 (1) the individual's first, middle, and last name and all other names by which the  
34.29 individual has been known;

34.30 (2) current home address, city, and state of residence;

34.31 (3) current zip code;

35.1 (4) sex;

35.2 (5) date of birth;

35.3 (6) driver's license number or state identification number or, for those without a driver's  
35.4 license or state identification card, an acceptable form of identification as determined by  
35.5 the commissioner; and

35.6 (7) upon implementation of NETStudy 2.0, the home address, city, county, and state of  
35.7 residence for the past five years.

35.8 (b) Every subject of a background study conducted or initiated by counties or private  
35.9 agencies under this chapter must also provide the home address, city, county, and state of  
35.10 residence for the past five years.

35.11 (c) Every subject of a background study related to private agency adoptions or related  
35.12 to child foster care licensed through a private agency, who is 18 years of age or older, shall  
35.13 also provide the commissioner a signed consent for the release of any information received  
35.14 from national crime information databases to the private agency that initiated the background  
35.15 study.

35.16 (d) The subject of a background study who is 18 years of age or older shall provide  
35.17 fingerprints and a photograph as required in subdivision 5. The subject of a background  
35.18 study who is 17 years of age or younger shall provide fingerprints and a photograph only  
35.19 as required in subdivision 5a.

35.20 (e) The subject of a background study shall submit a completed criminal and maltreatment  
35.21 history records check consent form and criminal history disclosure form for applicable  
35.22 national and state level record checks.

35.23 Sec. 27. Minnesota Statutes 2022, section 245C.05, subdivision 5a, is amended to read:

35.24 Subd. 5a. **Background study requirements for minors.** (a) A background study  
35.25 completed under this chapter on a subject who is required to be studied under section  
35.26 245C.03, subdivision 1, and is 17 years of age or younger shall be completed by the  
35.27 commissioner for:

35.28 (1) a legal nonlicensed child care provider authorized under chapter 119B;

35.29 (2) a licensed family child care program; or

35.30 (3) a licensed foster care home.

36.1 (b) The subject shall submit to the commissioner only the information under subdivision  
36.2 1, paragraph (a).

36.3 (c) Notwithstanding paragraph (b), a subject who is 17 years of age or younger is required  
36.4 to submit fingerprints and a photograph, and the commissioner shall conduct a national  
36.5 criminal history record check must provide the commissioner with a set of the background  
36.6 study subject's classifiable fingerprints and photograph, if:

36.7 (1) the commissioner has reasonable cause to require a national criminal history record  
36.8 check defined in section 245C.02, subdivision 15a; or

36.9 (2) under paragraph (a), clauses (1) and (2), the subject is employed by the provider or  
36.10 supervises children served by the program.

36.11 ~~(d) A subject who is 17 years of age or younger is required to submit~~  
36.12 ~~non-fingerprint-based data according to section 245C.08, subdivision 1, paragraph (a),~~  
36.13 ~~clause (6), item (iii), and the commissioner shall conduct the check if:~~

36.14 ~~(1) the commissioner has reasonable cause to require a national criminal history record~~  
36.15 ~~check defined in section 245C.02, subdivision 15a; or~~

36.16 ~~(2) the subject is employed by the provider or supervises children served by the program~~  
36.17 ~~under paragraph (a), clauses (1) and (2).~~

36.18 Sec. 28. Minnesota Statutes 2022, section 245C.05, is amended by adding a subdivision  
36.19 to read:

36.20 Subd. 8. **Study submitted.** The entity with which the background study subject is seeking  
36.21 affiliation shall initiate the background study in the NETStudy 2.0 system.

36.22 Sec. 29. Minnesota Statutes 2022, section 245C.07, is amended to read:

36.23 **245C.07 STUDY SUBJECT AFFILIATED WITH MULTIPLE FACILITIES.**

36.24 (a) Subject to the conditions in paragraph (d), when a license holder, applicant, or other  
36.25 entity owns multiple programs or services that are licensed by the Department of Human  
36.26 Services, Department of Health, or Department of Corrections, only one background study  
36.27 is required for an individual who provides direct contact services in one or more of the  
36.28 licensed programs or services if:

36.29 (1) the license holder designates one individual with one address and telephone number  
36.30 as the person to receive sensitive background study information for the multiple licensed  
36.31 programs or services that depend on the same background study; and

37.1 (2) the individual designated to receive the sensitive background study information is  
37.2 capable of determining, upon request of the department, whether a background study subject  
37.3 is providing direct contact services in one or more of the license holder's programs or services  
37.4 and, if so, at which location or locations.

37.5 (b) When a license holder maintains background study compliance for multiple licensed  
37.6 programs according to paragraph (a), and one or more of the licensed programs closes, the  
37.7 license holder shall immediately notify the commissioner which staff must be transferred  
37.8 to an active license so that the background studies can be electronically paired with the  
37.9 license holder's active program.

37.10 (c) When a background study is being initiated by a licensed program or service or a  
37.11 foster care provider that is also licensed under chapter 144G, a study subject affiliated with  
37.12 multiple licensed programs or services may attach to the background study form a cover  
37.13 letter indicating the additional names of the programs or services, addresses, and background  
37.14 study identification numbers.

37.15 When the commissioner receives a notice, the commissioner shall notify each program  
37.16 or service identified by the background study subject of the study results.

37.17 The background study notice the commissioner sends to the subsequent agencies shall  
37.18 satisfy those programs' or services' responsibilities for initiating a background study on that  
37.19 individual.

37.20 (d) If a background study was conducted on an individual related to child foster care  
37.21 and the requirements under paragraph (a) are met, the background study is transferable  
37.22 across all licensed programs. If a background study was conducted on an individual under  
37.23 a license other than child foster care and the requirements under paragraph (a) are met, the  
37.24 background study is transferable to all licensed programs except child foster care.

37.25 (e) The provisions of this section that allow a single background study in one or more  
37.26 licensed programs or services do not apply to background studies submitted by adoption  
37.27 agencies, supplemental nursing services agencies, personnel pool agencies, educational  
37.28 programs, professional services agencies, temporary personnel agencies, and unlicensed  
37.29 personal care provider organizations.

37.30 (f) For an entity operating under NETStudy 2.0, the entity's active roster must be the  
37.31 system used to document when a background study subject is affiliated with multiple entities.  
37.32 For a background study to be transferable:

38.1 (1) the background study subject must be on and moving to a roster for which the person  
38.2 designated to receive sensitive background study information is the same; and

38.3 (2) the same entity must own or legally control both the roster from which the transfer  
38.4 is occurring and the roster to which the transfer is occurring. For an entity that holds or  
38.5 controls multiple licenses, or unlicensed personal care provider organizations, there must  
38.6 be a common highest level entity that has a legally identifiable structure that can be verified  
38.7 through records available from the secretary of state.

38.8 Sec. 30. Minnesota Statutes 2022, section 245C.08, subdivision 1, is amended to read:

38.9 Subdivision 1. **Background studies conducted by Department of Human Services.** (a)  
38.10 For a background study conducted by the Department of Human Services, the commissioner  
38.11 shall review:

38.12 (1) information related to names of substantiated perpetrators of maltreatment of  
38.13 vulnerable adults that has been received by the commissioner as required under section  
38.14 626.557, subdivision 9c, paragraph (j);

38.15 (2) the commissioner's records relating to the maltreatment of minors in licensed  
38.16 programs, and from findings of maltreatment of minors as indicated through the social  
38.17 service information system;

38.18 (3) information from juvenile courts as required in subdivision 4 for individuals listed  
38.19 in section 245C.03, subdivision 1, paragraph (a), when there is reasonable cause;

38.20 (4) information from the Bureau of Criminal Apprehension, including information  
38.21 regarding a background study subject's registration in Minnesota as a predatory offender  
38.22 under section 243.166;

38.23 (5) except as provided in clause (6), information received as a result of submission of  
38.24 fingerprints for a national criminal history record check, as defined in section 245C.02,  
38.25 subdivision 13c, when the commissioner has reasonable cause for a national criminal history  
38.26 record check as defined under section 245C.02, subdivision 15a, or as required under section  
38.27 144.057, subdivision 1, clause (2);

38.28 (6) for a background study related to a child foster family setting application for licensure,  
38.29 foster residence settings, children's residential facilities, a transfer of permanent legal and  
38.30 physical custody of a child under sections 260C.503 to 260C.515, or adoptions, and for a  
38.31 background study required for family child care, certified license-exempt child care, child  
38.32 care centers, and legal nonlicensed child care authorized under chapter 119B, the  
38.33 commissioner shall also review:

39.1 (i) information from the child abuse and neglect registry for any state in which the  
39.2 background study subject has resided for the past five years;

39.3 (ii) when the background study subject is 18 years of age or older, or a minor under  
39.4 section 245C.05, subdivision 5a, paragraph (c), information received following submission  
39.5 of fingerprints for a national criminal history record check; and

39.6 (iii) when the background study subject is 18 years of age or older or a minor under  
39.7 section 245C.05, subdivision 5a, ~~paragraph (d)~~, for licensed family child care, certified  
39.8 license-exempt child care, licensed child care centers, and legal nonlicensed child care  
39.9 authorized under chapter 119B, information obtained using non-fingerprint-based data  
39.10 including information from the criminal and sex offender registries for any state in which  
39.11 the background study subject resided for the past five years and information from the national  
39.12 crime information database and the national sex offender registry; and

39.13 (7) for a background study required for family child care, certified license-exempt child  
39.14 care centers, licensed child care centers, and legal nonlicensed child care authorized under  
39.15 chapter 119B, the background study shall also include, to the extent practicable, a name  
39.16 and date-of-birth search of the National Sex Offender Public website.

39.17 (b) Notwithstanding expungement by a court, the commissioner may consider information  
39.18 obtained under paragraph (a), clauses (3) and (4), unless the commissioner received notice  
39.19 of the petition for expungement and the court order for expungement is directed specifically  
39.20 to the commissioner.

39.21 (c) The commissioner shall also review criminal case information received according  
39.22 to section 245C.04, subdivision 4a, from the Minnesota court information system that relates  
39.23 to individuals who have already been studied under this chapter and who remain affiliated  
39.24 with the agency that initiated the background study.

39.25 (d) When the commissioner has reasonable cause to believe that the identity of a  
39.26 background study subject is uncertain, the commissioner may require the subject to provide  
39.27 a set of classifiable fingerprints for purposes of completing a fingerprint-based record check  
39.28 with the Bureau of Criminal Apprehension. Fingerprints collected under this paragraph  
39.29 shall not be saved by the commissioner after they have been used to verify the identity of  
39.30 the background study subject against the particular criminal record in question.

39.31 (e) The commissioner may inform the entity that initiated a background study under  
39.32 NETStudy 2.0 of the status of processing of the subject's fingerprints.

40.1 Sec. 31. Minnesota Statutes 2022, section 245C.10, subdivision 4, is amended to read:

40.2 Subd. 4. **Temporary personnel agencies, personnel pool agencies, educational**  
40.3 **programs, and professional services agencies.** The commissioner shall recover the cost  
40.4 of the background studies initiated by temporary personnel agencies, personnel pool agencies,  
40.5 educational programs, and professional services agencies that initiate background studies  
40.6 under section 245C.03, subdivision 4, through a fee of no more than \$42 per study charged  
40.7 to the agency. The fees collected under this subdivision are appropriated to the commissioner  
40.8 for the purpose of conducting background studies.

40.9 Sec. 32. Minnesota Statutes 2022, section 245C.30, subdivision 2, is amended to read:

40.10 Subd. 2. **Disclosure of reason for disqualification.** (a) The commissioner may not grant  
40.11 a variance for a disqualified individual unless the applicant, license-exempt child care center  
40.12 certification holder, or license holder requests the variance and the disqualified individual  
40.13 provides written consent for the commissioner to disclose to the applicant, license-exempt  
40.14 child care center certification holder, or license holder the reason for the disqualification.

40.15 (b) This subdivision does not apply to programs licensed to provide family child care  
40.16 for children, foster care for children in the provider's own home, or foster care or day care  
40.17 services for adults in the provider's own home. ~~When the commissioner grants a variance~~  
40.18 ~~for a disqualified individual in connection with a license to provide the services specified~~  
40.19 ~~in this paragraph, the disqualified individual's consent is not required to disclose the reason~~  
40.20 ~~for the disqualification to the license holder in the variance issued under subdivision 1,~~  
40.21 ~~provided that the commissioner may not disclose the reason for the disqualification if the~~  
40.22 ~~disqualification is based on a felony-level conviction for a drug-related offense within the~~  
40.23 ~~past five years.~~

40.24 Sec. 33. Minnesota Statutes 2022, section 245C.31, subdivision 1, is amended to read:

40.25 Subdivision 1. **Board determines disciplinary or corrective action.** ~~(a)~~ The  
40.26 commissioner shall notify a health-related licensing board as defined in section 214.01,  
40.27 subdivision 2, if the commissioner determines that an individual who is licensed by the  
40.28 health-related licensing board and who is included on the board's roster list provided in  
40.29 accordance with subdivision 3a is responsible for substantiated maltreatment under section  
40.30 626.557 or chapter 260E, in accordance with subdivision 2. Upon receiving notification,  
40.31 the health-related licensing board shall make a determination as to whether to impose  
40.32 disciplinary or corrective action under chapter 214.



41.1 ~~(b) This section does not apply to a background study of an individual regulated by a~~  
 41.2 ~~health-related licensing board if the individual's study is related to child foster care, adult~~  
 41.3 ~~foster care, or family child care licensure.~~

41.4 Sec. 34. Minnesota Statutes 2022, section 245C.33, subdivision 4, is amended to read:

41.5 Subd. 4. **Information commissioner reviews.** (a) The commissioner shall review the  
 41.6 following information regarding the background study subject:

41.7 (1) the information under section 245C.08, subdivisions 1, 3, and 4;

41.8 (2) information from the child abuse and neglect registry for any state in which the  
 41.9 subject has resided for the past five years; and

41.10 (3) information from national crime information databases, when required under section  
 41.11 245C.08.

41.12 (b) The commissioner shall provide any information collected under this subdivision to  
 41.13 the county or private agency that initiated the background study. The commissioner shall  
 41.14 also provide the agency:

41.15 ~~(1) with a notice whether the information collected shows that the subject of the~~  
 41.16 ~~background study has a conviction listed in United States Code, title 42, section~~  
 41.17 ~~671(a)(20)(A); and.~~

41.18 ~~(2) for background studies conducted under subdivision 1, paragraph (a), the date of all~~  
 41.19 ~~adoption-related background studies completed on the subject by the commissioner after~~  
 41.20 ~~June 30, 2007, and the name of the county or private agency that initiated the adoption-related~~  
 41.21 ~~background study.~~

41.22 Sec. 35. Minnesota Statutes 2022, section 245H.13, subdivision 9, is amended to read:

41.23 Subd. 9. **Behavior guidance.** The certified center must ensure that staff and volunteers  
 41.24 use positive behavior guidance and do not subject children to:

41.25 (1) corporal punishment, including but not limited to rough handling, shoving, hair  
 41.26 pulling, ear pulling, shaking, slapping, kicking, biting, pinching, hitting, and spanking;

41.27 (2) humiliation;

41.28 (3) abusive language;

41.29 (4) the use of mechanical restraints, including tying;

42.1 (5) the use of physical restraints other than to physically hold a child when containment  
42.2 is necessary to protect a child or others from harm; or

42.3 (6) prone restraints, as prohibited by section 245A.211; or

42.4 ~~(6)~~ (7) the withholding or forcing of food and other basic needs.

42.5 Sec. 36. Minnesota Statutes 2022, section 245I.20, subdivision 10, is amended to read:

42.6 Subd. 10. **Application procedures.** (a) The applicant for certification must submit any  
42.7 documents that the commissioner requires on forms approved by the commissioner.

42.8 (b) Upon submitting an application for certification, an applicant must pay the application  
42.9 fee required by section 245A.10, subdivision 3.

42.10 (c) The commissioner must act on an application within 90 working days of receiving  
42.11 a completed application.

42.12 (d) When the commissioner receives an application for initial certification that is  
42.13 incomplete because the applicant failed to submit required documents or is deficient because  
42.14 the submitted documents do not meet certification requirements, the commissioner must  
42.15 provide the applicant with written notice that the application is incomplete or deficient. In  
42.16 the notice, the commissioner must identify the particular documents that are missing or  
42.17 deficient and give the applicant 45 days to submit a second application that is complete. An  
42.18 applicant's failure to submit a complete application within 45 days after receiving notice  
42.19 from the commissioner is a basis for certification denial.

42.20 (e) The commissioner must give notice of a denial to an applicant when the commissioner  
42.21 has made the decision to deny the certification application. In the notice of denial, the  
42.22 commissioner must state the reasons for the denial in plain language. The commissioner  
42.23 must send or deliver the notice of denial to an applicant by certified mail or personal service.  
42.24 In the notice of denial, the commissioner must state the reasons that the commissioner denied  
42.25 the application and must inform the applicant of the applicant's right to request a contested  
42.26 case hearing under chapter 14 and Minnesota Rules, parts 1400.8505 to 1400.8612. The  
42.27 applicant may appeal the denial by notifying the commissioner in writing by certified mail  
42.28 or personal service. If mailed, the appeal must be postmarked and sent to the commissioner  
42.29 within 20 calendar days after the applicant received the notice of denial. If an applicant  
42.30 delivers an appeal by personal service, the commissioner must receive the appeal within 20  
42.31 calendar days after the applicant received the notice of denial.

43.1 (f) The commissioner may require the applicant or certification holder to provide an  
 43.2 email address for the certification holder that will be made public subject to the requirements  
 43.3 under section 13.46, subdivision 4, paragraph (b), clause (1), item (i).

43.4 Sec. 37. Minnesota Statutes 2022, section 256.9685, subdivision 1a, is amended to read:

43.5 Subd. 1a. **Administrative reconsideration.** Notwithstanding section 256B.04,  
 43.6 subdivision 15, the commissioner shall establish an administrative reconsideration process  
 43.7 for appeals of inpatient hospital services determined to be medically unnecessary. A  
 43.8 physician, advanced practice registered nurse, physician assistant, or hospital may request  
 43.9 a reconsideration of the decision that inpatient hospital services are not medically necessary  
 43.10 by submitting a written request for review to the commissioner within 30 calendar days  
 43.11 after receiving the date of the notice of the decision was mailed. The request for  
 43.12 reconsideration process shall take place prior to the procedures of subdivision 1b and shall  
 43.13 be conducted be reviewed by the at least one medical review agent that is independent of  
 43.14 the case under reconsideration. The medical review agent shall make a recommendation to  
 43.15 the commissioner. The commissioner's decision on reconsideration is final and not subject  
 43.16 to appeal under chapter 14.

43.17 Sec. 38. Minnesota Statutes 2022, section 256.9685, subdivision 1b, is amended to read:

43.18 Subd. 1b. **Appeal of reconsideration.** ~~Notwithstanding section 256B.72, the~~  
 43.19 ~~commissioner may recover inpatient hospital payments for services that have been determined~~  
 43.20 ~~to be medically unnecessary after the reconsideration and determinations. A physician,~~  
 43.21 ~~advanced practice registered nurse, physician assistant, or hospital may appeal the result of~~  
 43.22 ~~the reconsideration process by submitting a written request for review to the commissioner~~  
 43.23 ~~within 30 days after receiving notice of the action. The commissioner shall review the~~  
 43.24 ~~medical record and information submitted during the reconsideration process and the medical~~  
 43.25 ~~review agent's basis for the determination that the services were not medically necessary~~  
 43.26 ~~for inpatient hospital services. The commissioner shall issue an order upholding or reversing~~  
 43.27 ~~the decision of the reconsideration process based on the review.~~ The commissioner's decision  
 43.28 under subdivision 1a is appealable by petition for writ of certiorari under chapter 606.

43.29 Sec. 39. Minnesota Statutes 2022, section 256.9686, is amended by adding a subdivision  
 43.30 to read:

43.31 Subd. 7a. **Medical review agent.** "Medical review agent" means the representative of  
 43.32 the commissioner who is authorized by the commissioner to administer medical record  
 43.33 reviews; conduct administrative reconsiderations as defined by section 256.9685, subdivision

44.1 1a; and perform other functions as stipulated in the terms of the agent's contract with the  
44.2 department. Medical records reviews and administrative reconsiderations will be performed  
44.3 by medical professionals within their scope of expertise, including but not limited to  
44.4 physicians, physician assistants, advanced practice registered nurses, and registered nurses.  
44.5 The medical professional performing the review or reconsideration must be on staff with  
44.6 the medical review agent, in good standing, and licensed to practice in the state where the  
44.7 medical professional resides.

44.8 Sec. 40. Minnesota Statutes 2022, section 256B.04, subdivision 15, is amended to read:

44.9 Subd. 15. **Utilization review.** (a) Establish on a statewide basis a new program to  
44.10 safeguard against unnecessary or inappropriate use of medical assistance services, against  
44.11 excess payments, against unnecessary or inappropriate hospital admissions or lengths of  
44.12 stay, and against underutilization of services in prepaid health plans, long-term care facilities  
44.13 or any health care delivery system subject to fixed rate reimbursement. In implementing  
44.14 the program, the state agency shall utilize both prepayment and postpayment review systems  
44.15 to determine if utilization is reasonable and necessary. The determination of whether services  
44.16 are reasonable and necessary shall be made by the commissioner in consultation with a  
44.17 professional services advisory group or health care consultant appointed by the commissioner.

44.18 (b) Contracts entered into for purposes of meeting the requirements of this subdivision  
44.19 shall not be subject to the set-aside provisions of chapter 16C.

44.20 (c) A recipient aggrieved by the commissioner's termination of services or denial of  
44.21 future services may appeal pursuant to section 256.045. Unless otherwise provided by law,  
44.22 a vendor aggrieved by the commissioner's determination that services provided were not  
44.23 reasonable or necessary may appeal pursuant to the contested case procedures of chapter  
44.24 14. To appeal, the vendor shall notify the commissioner in writing within 30 days of receiving  
44.25 the commissioner's notice. The appeal request shall specify each disputed item, the reason  
44.26 for the dispute, an estimate of the dollar amount involved for each disputed item, the  
44.27 computation that the vendor believes is correct, the authority in statute or rule upon which  
44.28 the vendor relies for each disputed item, the name and address of the person or firm with  
44.29 whom contacts may be made regarding the appeal, and other information required by the  
44.30 commissioner.

44.31 (d) The commissioner may select providers to provide case management services to  
44.32 recipients who use health care services inappropriately or to recipients who are eligible for  
44.33 other managed care projects. The providers shall be selected based upon criteria that may  
44.34 include a comparison with a peer group of providers related to the quality, quantity, or cost

45.1 of health care services delivered or a review of sanctions previously imposed by health care  
45.2 services programs or the provider's professional licensing board.

45.3 Sec. 41. Minnesota Statutes 2022, section 256B.064, is amended to read:

45.4 **256B.064 SANCTIONS; MONETARY RECOVERY.**

45.5 Subdivision 1. **Terminating payments to ineligible vendors individuals or entities.** The  
45.6 commissioner may terminate payments under this chapter to any person or facility that,  
45.7 under applicable federal law or regulation, has been determined to be ineligible for payments  
45.8 under title XIX of the Social Security Act.

45.9 Subd. 1a. **Grounds for sanctions ~~against vendors~~.** (a) The commissioner may impose  
45.10 sanctions against ~~a vendor of medical care~~ any individual or entity that receives payments  
45.11 from medical assistance or provides goods or services for which payment is made from  
45.12 medical assistance for any of the following: (1) fraud, theft, or abuse in connection with the  
45.13 provision of ~~medical care~~ goods and services to recipients of public assistance for which  
45.14 payment is made from medical assistance; (2) a pattern of presentment of false or duplicate  
45.15 claims or claims for services not medically necessary; (3) a pattern of making false statements  
45.16 of material facts for the purpose of obtaining greater compensation than that to which the  
45.17 ~~vendor~~ individual or entity is legally entitled; (4) suspension or termination as a Medicare  
45.18 vendor; (5) refusal to grant the state agency access during regular business hours to examine  
45.19 all records necessary to disclose the extent of services provided to program recipients and  
45.20 appropriateness of claims for payment; (6) failure to repay an overpayment or a fine finally  
45.21 established under this section; (7) failure to correct errors in the maintenance of health  
45.22 service or financial records for which a fine was imposed or after issuance of a warning by  
45.23 the commissioner; and (8) any reason for which ~~a vendor~~ an individual or entity could be  
45.24 excluded from participation in the Medicare program under section 1128, 1128A, or  
45.25 1866(b)(2) of the Social Security Act. For the purposes of this section, goods or services  
45.26 for which payment is made from medical assistance includes but is not limited to care and  
45.27 services identified in section 256B.0625 or provided pursuant to any federally approved  
45.28 waiver.

45.29 (b) The commissioner may impose sanctions against a pharmacy provider for failure to  
45.30 respond to a cost of dispensing survey under section 256B.0625, subdivision 13e, paragraph  
45.31 (h).

45.32 Subd. 1b. **Sanctions available.** The commissioner may impose the following sanctions  
45.33 for the conduct described in subdivision 1a: suspension or withholding of payments to a  
45.34 ~~vendor~~ an individual or entity and suspending or terminating participation in the program,

46.1 or imposition of a fine under subdivision 2, paragraph (f). When imposing sanctions under  
46.2 this section, the commissioner shall consider the nature, chronicity, or severity of the conduct  
46.3 and the effect of the conduct on the health and safety of persons served by the ~~vendor~~  
46.4 individual or entity. The commissioner shall suspend ~~a vendor's~~ an individual's or entity's  
46.5 participation in the program for a minimum of five years if the ~~vendor~~ individual or entity  
46.6 is convicted of a crime, received a stay of adjudication, or entered a court-ordered diversion  
46.7 program for an offense related to a provision of a health service under medical assistance,  
46.8 including a federally approved waiver, or health care fraud. Regardless of imposition of  
46.9 sanctions, the commissioner may make a referral to the appropriate state licensing board.

46.10 Subd. 1c. **Grounds for and methods of monetary recovery.** (a) The commissioner  
46.11 may obtain monetary recovery from ~~a vendor who~~ an individual or entity that has been  
46.12 improperly paid by the department either as a result of conduct described in subdivision 1a  
46.13 or as a result of ~~a vendor or department~~ an error by the individual or entity submitting the  
46.14 claim or by the department, regardless of whether the error was intentional. Patterns need  
46.15 not be proven as a precondition to monetary recovery of erroneous or false claims, duplicate  
46.16 claims, claims for services not medically necessary, or claims based on false statements.

46.17 (b) The commissioner may obtain monetary recovery using methods including but not  
46.18 limited to the following: assessing and recovering money improperly paid and debiting from  
46.19 future payments any money improperly paid. The commissioner shall charge interest on  
46.20 money to be recovered if the recovery is to be made by installment payments or debits,  
46.21 except when the monetary recovery is of an overpayment that resulted from a department  
46.22 error. The interest charged shall be the rate established by the commissioner of revenue  
46.23 under section 270C.40.

46.24 Subd. 1d. **Investigative costs.** The commissioner may seek recovery of investigative  
46.25 costs from any ~~vendor of medical care or services who~~ individual or entity that willfully  
46.26 submits a claim for reimbursement for services that the ~~vendor~~ individual or entity knows,  
46.27 or reasonably should have known, is a false representation and that results in the payment  
46.28 of public funds for which the ~~vendor~~ individual or entity is ineligible. Billing errors that  
46.29 result in unintentional overcharges shall not be grounds for investigative cost recoupment.

46.30 Subd. 2. **Imposition of monetary recovery and sanctions.** (a) The commissioner shall  
46.31 determine any monetary amounts to be recovered and sanctions to be imposed upon ~~a vendor~~  
46.32 ~~of medical care~~ an individual or entity under this section. Except as provided in paragraphs  
46.33 (b) and (d), neither a monetary recovery nor a sanction will be imposed by the commissioner  
46.34 without prior notice and an opportunity for a hearing, according to chapter 14, on the  
46.35 commissioner's proposed action, provided that the commissioner may suspend or reduce

47.1 payment to ~~a vendor of medical care~~ an individual or entity, except a nursing home or  
47.2 convalescent care facility, after notice and prior to the hearing if in the commissioner's  
47.3 opinion that action is necessary to protect the public welfare and the interests of the program.

47.4 (b) Except when the commissioner finds good cause not to suspend payments under  
47.5 Code of Federal Regulations, title 42, section 455.23 (e) or (f), the commissioner shall  
47.6 withhold or reduce payments to ~~a vendor of medical care~~ an individual or entity without  
47.7 providing advance notice of such withholding or reduction if either of the following occurs:

47.8 (1) the ~~vendor~~ individual or entity is convicted of a crime involving the conduct described  
47.9 in subdivision 1a; or

47.10 (2) the commissioner determines there is a credible allegation of fraud for which an  
47.11 investigation is pending under the program. Allegations are considered credible when they  
47.12 have an indicium of reliability and the state agency has reviewed all allegations, facts, and  
47.13 evidence carefully and acts judiciously on a case-by-case basis. A credible allegation of  
47.14 fraud is an allegation which has been verified by the state, from any source, including but  
47.15 not limited to:

47.16 (i) fraud hotline complaints;

47.17 (ii) claims data mining; and

47.18 (iii) patterns identified through provider audits, civil false claims cases, and law  
47.19 enforcement investigations.

47.20 ~~Allegations are considered to be credible when they have an indicia of reliability and~~  
47.21 ~~the state agency has reviewed all allegations, facts, and evidence carefully and acts~~  
47.22 ~~judiciously on a case-by-case basis.~~

47.23 (c) The commissioner must send notice of the withholding or reduction of payments  
47.24 under paragraph (b) within five days of taking such action unless requested in writing by a  
47.25 law enforcement agency to temporarily withhold the notice. The notice must:

47.26 (1) state that payments are being withheld according to paragraph (b);

47.27 (2) set forth the general allegations as to the nature of the withholding action, but need  
47.28 not disclose any specific information concerning an ongoing investigation;

47.29 (3) except in the case of a conviction for conduct described in subdivision 1a, state that  
47.30 the withholding is for a temporary period and cite the circumstances under which withholding  
47.31 will be terminated;

47.32 (4) identify the types of claims to which the withholding applies; and

48.1 (5) inform the ~~vendor~~ individual or entity of the right to submit written evidence for  
48.2 consideration by the commissioner.

48.3 (d) The withholding or reduction of payments will not continue after the commissioner  
48.4 determines there is insufficient evidence of fraud by the ~~vendor~~ individual or entity, or after  
48.5 legal proceedings relating to the alleged fraud are completed, unless the commissioner has  
48.6 sent notice of intention to impose monetary recovery or sanctions under paragraph (a). Upon  
48.7 conviction for a crime related to the provision, management, or administration of a health  
48.8 service under medical assistance, a payment held pursuant to this section by the commissioner  
48.9 or a managed care organization that contracts with the commissioner under section 256B.035  
48.10 is forfeited to the commissioner or managed care organization, regardless of the amount  
48.11 charged in the criminal complaint or the amount of criminal restitution ordered.

48.12 ~~(d)~~ (e) The commissioner shall suspend or terminate a ~~vendor's~~ an individual's or entity's  
48.13 participation in the program without providing advance notice and an opportunity for a  
48.14 hearing when the suspension or termination is required because of the ~~vendor's~~ individual's  
48.15 or entity's exclusion from participation in Medicare. Within five days of taking such action,  
48.16 the commissioner must send notice of the suspension or termination. The notice must:

48.17 (1) state that suspension or termination is the result of the ~~vendor's~~ individual's or entity's  
48.18 exclusion from Medicare;

48.19 (2) identify the effective date of the suspension or termination; and

48.20 (3) inform the ~~vendor~~ individual or entity of the need to be reinstated to Medicare before  
48.21 reapplying for participation in the program.

48.22 ~~(e)~~ (f) Upon receipt of a notice under paragraph (a) that a monetary recovery or sanction  
48.23 is to be imposed, a ~~vendor~~ an individual or entity may request a contested case, as defined  
48.24 in section 14.02, subdivision 3, by filing with the commissioner a written request of appeal.  
48.25 The appeal request must be received by the commissioner no later than 30 days after the  
48.26 date the notification of monetary recovery or sanction was mailed to the ~~vendor~~ individual  
48.27 or entity. The appeal request must specify:

48.28 (1) each disputed item, the reason for the dispute, and an estimate of the dollar amount  
48.29 involved for each disputed item;

48.30 (2) the computation that the ~~vendor~~ individual or entity believes is correct;

48.31 (3) the authority in statute or rule upon which the ~~vendor~~ individual or entity relies for  
48.32 each disputed item;



49.1 (4) the name and address of the person or entity with whom contacts may be made  
49.2 regarding the appeal; and

49.3 (5) other information required by the commissioner.

49.4 ~~(f)~~ (g) The commissioner may order ~~a vendor~~ an individual or entity to forfeit a fine for  
49.5 failure to fully document services according to standards in this chapter and Minnesota  
49.6 Rules, chapter 9505. The commissioner may assess fines if specific required components  
49.7 of documentation are missing. The fine for incomplete documentation shall equal 20 percent  
49.8 of the amount paid on the claims for reimbursement submitted by the ~~vendor~~ individual or  
49.9 entity, or up to \$5,000, whichever is less. If the commissioner determines that ~~a vendor~~ an  
49.10 individual or entity repeatedly violated this chapter, chapter 254B or 245G, or Minnesota  
49.11 Rules, chapter 9505, related to the provision of services to program recipients and the  
49.12 submission of claims for payment, the commissioner may order ~~a vendor~~ an individual or  
49.13 entity to forfeit a fine based on the nature, severity, and chronicity of the violations, in an  
49.14 amount of up to \$5,000 or 20 percent of the value of the claims, whichever is greater. The  
49.15 commissioner may issue fines under this paragraph in place of or in addition to full monetary  
49.16 recovery of the value of the claims submitted under subdivision 1c.

49.17 ~~(g)~~ (h) The ~~vendor~~ individual or entity shall pay the fine assessed on or before the  
49.18 payment date specified. If the ~~vendor~~ individual or entity fails to pay the fine, the  
49.19 commissioner may withhold or reduce payments and recover the amount of the fine. A  
49.20 timely appeal shall stay payment of the fine until the commissioner issues a final order.

49.21 Subd. 3. **Vendor Mandates on prohibited payments.** (a) The commissioner shall  
49.22 maintain and publish a list of each excluded individual and entity that was convicted of a  
49.23 crime related to the provision, management, or administration of a medical assistance health  
49.24 service, or suspended or terminated under subdivision 2. Medical assistance payments cannot  
49.25 be made by ~~a vendor~~ an individual or entity for items or services furnished either directly  
49.26 or indirectly by an excluded individual or entity, or at the direction of excluded individuals  
49.27 or entities.

49.28 (b) The ~~vendor~~ entity must check the exclusion list on a monthly basis and document  
49.29 the date and time the exclusion list was checked and the name and title of the person who  
49.30 checked the exclusion list. The ~~vendor~~ entity must immediately terminate payments to an  
49.31 individual or entity on the exclusion list.

49.32 (c) ~~A vendor's~~ An entity's requirement to check the exclusion list and to terminate  
49.33 payments to individuals or entities on the exclusion list applies to each individual or entity

50.1 on the exclusion list, even if the named individual or entity is not responsible for direct  
50.2 patient care or direct submission of a claim to medical assistance.

50.3 (d) ~~A vendor~~ An entity that pays medical assistance program funds to an individual or  
50.4 entity on the exclusion list must refund any payment related to either items or services  
50.5 rendered by an individual or entity on the exclusion list from the date the individual or entity  
50.6 is first paid or the date the individual or entity is placed on the exclusion list, whichever is  
50.7 later, and ~~a vendor~~ an entity may be subject to:

50.8 (1) sanctions under subdivision 2;

50.9 (2) a civil monetary penalty of up to \$25,000 for each determination by the department  
50.10 that the vendor employed or contracted with an individual or entity on the exclusion list;  
50.11 and

50.12 (3) other fines or penalties allowed by law.

50.13 Subd. 4. **Notice.** (a) The department shall serve the notice required under subdivision 2  
50.14 ~~shall be served~~ by certified mail at the address submitted to the department by the ~~vendor~~  
50.15 individual or entity. Service is complete upon mailing. ~~The commissioner shall place an~~  
50.16 ~~affidavit of the certified mailing in the vendor's file as an indication of the address and the~~  
50.17 ~~date of mailing.~~

50.18 (b) The department shall give notice in writing to a recipient placed in the Minnesota  
50.19 restricted recipient program under section 256B.0646 and Minnesota Rules, part 9505.2200.  
50.20 The department shall send the notice ~~shall be sent~~ by first class mail to the recipient's current  
50.21 address on file with the department. A recipient placed in the Minnesota restricted recipient  
50.22 program may contest the placement by submitting a written request for a hearing to the  
50.23 department within 90 days of the notice being mailed.

50.24 Subd. 5. **Immunity; good faith reporters.** (a) A person who makes a good faith report  
50.25 is immune from any civil or criminal liability that might otherwise arise from reporting or  
50.26 participating in the investigation. Nothing in this subdivision affects ~~a vendor's~~ an individual's  
50.27 or entity's responsibility for an overpayment established under this subdivision.

50.28 (b) A person employed by a lead investigative agency who is conducting or supervising  
50.29 an investigation or enforcing the law according to the applicable law or rule is immune from  
50.30 any civil or criminal liability that might otherwise arise from the person's actions, if the  
50.31 person is acting in good faith and exercising due care.

50.32 (c) For purposes of this subdivision, "person" includes a natural person or any form of  
50.33 a business or legal entity.

51.1 (d) After an investigation is complete, the reporter's name must be kept confidential.  
 51.2 The subject of the report may compel disclosure of the reporter's name only with the consent  
 51.3 of the reporter or upon a written finding by a district court that the report was false and there  
 51.4 is evidence that the report was made in bad faith. This subdivision does not alter disclosure  
 51.5 responsibilities or obligations under the Rules of Criminal Procedure, except that when the  
 51.6 identity of the reporter is relevant to a criminal prosecution the district court shall conduct  
 51.7 an in-camera review before determining whether to order disclosure of the reporter's identity.

51.8 Sec. 42. Minnesota Statutes 2022, section 256B.27, subdivision 3, is amended to read:

51.9 Subd. 3. **Access to medical records.** The commissioner of human services, with the  
 51.10 written consent of the recipient, on file with the local welfare agency, shall be allowed  
 51.11 access in the manner and within the time prescribed by the commissioner to all personal  
 51.12 medical records of medical assistance recipients solely for the purposes of investigating  
 51.13 whether or not: (a) a vendor of medical care has submitted a claim for reimbursement, a  
 51.14 cost report or a rate application which is duplicative, erroneous, or false in whole or in part,  
 51.15 or which results in the vendor obtaining greater compensation than the vendor is legally  
 51.16 entitled to; or (b) the medical care was medically necessary. When the commissioner is  
 51.17 investigating a possible overpayment of Medicaid funds, the commissioner must be given  
 51.18 immediate access without prior notice to the vendor's office during regular business hours  
 51.19 and to documentation and records related to services provided and submission of claims  
 51.20 for services provided. The department shall document in writing the need for immediate  
 51.21 access to records related to a specific investigation. Denying the commissioner access to  
 51.22 records is cause for the vendor's immediate suspension of payment or termination according  
 51.23 to section 256B.064. All providers receiving medical assistance payments must make those  
 51.24 records available immediately to the commissioner upon request. Any records not provided  
 51.25 to the commissioner at the date and time of the request are inadmissible if offered as evidence  
 51.26 by the provider in any proceeding to contest sanctions against or monetary recovery from  
 51.27 the provider. The determination of provision of services not medically necessary shall be  
 51.28 made by the commissioner. Notwithstanding any other law to the contrary, a vendor of  
 51.29 medical care shall not be subject to any civil or criminal liability for providing access to  
 51.30 medical records to the commissioner of human services pursuant to this section.

51.31 Sec. 43. Minnesota Statutes 2022, section 524.5-118, subdivision 2a, is amended to read:

51.32 Subd. 2a. **Procedure; state licensing agency data.** (a) The court shall request the  
 51.33 commissioner of human services to provide the court within 25 working days of receipt of  
 51.34 the request with licensing agency data for licenses directly related to the responsibilities of

52.1 a professional fiduciary if the study subject indicates current or prior affiliation from the  
52.2 following agencies in Minnesota:

52.3 (1) Lawyers Responsibility Board;

52.4 (2) State Board of Accountancy;

52.5 (3) Board of Social Work;

52.6 (4) Board of Psychology;

52.7 (5) Board of Nursing;

52.8 (6) Board of Medical Practice;

52.9 ~~(7) Department of Education;~~

52.10 ~~(8)~~ (7) Department of Commerce;

52.11 ~~(9)~~ (8) Board of Chiropractic Examiners;

52.12 ~~(10)~~ (9) Board of Dentistry;

52.13 ~~(11)~~ (10) Board of Marriage and Family Therapy;

52.14 ~~(12)~~ (11) Department of Human Services;

52.15 ~~(13)~~ (12) Peace Officer Standards and Training (POST) Board; and

52.16 ~~(14)~~ (13) Professional Educator Licensing and Standards Board.

52.17 (b) The commissioner shall enter into agreements with these agencies to provide the  
52.18 commissioner with electronic access to the relevant licensing data, and to provide the  
52.19 commissioner with a quarterly list of new sanctions issued by the agency.

52.20 (c) The commissioner shall provide to the court the electronically available data  
52.21 maintained in the agency's database, including whether the proposed guardian or conservator  
52.22 is or has been licensed by the agency, and if the licensing agency database indicates a  
52.23 disciplinary action or a sanction against the individual's license, including a condition,  
52.24 suspension, revocation, or cancellation.

52.25 (d) If the proposed guardian or conservator has resided in a state other than Minnesota  
52.26 in the previous ten years, licensing agency data under this section shall also include the  
52.27 licensing agency data from any other state where the proposed guardian or conservator  
52.28 reported to have resided during the previous ten years if the study subject indicates current  
52.29 or prior affiliation. If the proposed guardian or conservator has or has had a professional  
52.30 license in another state that is directly related to the responsibilities of a professional fiduciary

53.1 from one of the agencies listed under paragraph (a), state licensing agency data shall also  
53.2 include data from the relevant licensing agency of that state.

53.3 (e) The commissioner is not required to repeat a search for Minnesota or out-of-state  
53.4 licensing data on an individual if the commissioner has provided this information to the  
53.5 court within the prior five years.

53.6 (f) The commissioner shall review the information in paragraph (c) at least once every  
53.7 four months to determine if an individual who has been studied within the previous five  
53.8 years:

53.9 (1) has new disciplinary action or sanction against the individual's license; or

53.10 (2) did not disclose a prior or current affiliation with a Minnesota licensing agency.

53.11 (g) If the commissioner's review in paragraph (f) identifies new information, the  
53.12 commissioner shall provide any new information to the court.

53.13 Sec. 44. **REVISOR INSTRUCTION.**

53.14 The revisor of statutes shall renumber the subdivisions in Minnesota Statutes, section  
53.15 245C.02, in alphabetical order and correct any cross-reference changes that result.

53.16 Sec. 45. **REPEALER.**

53.17 (a) Minnesota Statutes 2022, sections 245A.22; 245C.02, subdivision 9; 245C.301; and  
53.18 256.9685, subdivisions 1c and 1d, are repealed.

53.19 (b) Minnesota Rules, parts 9505.0505, subpart 18; and 9505.0520, subpart 9b, are  
53.20 repealed.

53.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

**245A.22 INDEPENDENT LIVING ASSISTANCE FOR YOUTH.**

Subdivision 1. **Independent living assistance for youth.** "Independent living assistance for youth" means a nonresidential program that provides a system of services that includes training, counseling, instruction, supervision, and assistance provided to youth according to the youth's independent living plan, when the placements in the program are made by the county agency. Services may include assistance in locating housing, budgeting, meal preparation, shopping, personal appearance, counseling, and related social support services needed to meet the youth's needs and improve the youth's ability to conduct such tasks independently. Such services shall not extend to youths needing 24-hour per day supervision and services. Youths needing a 24-hour per day program of supervision and services shall not be accepted or retained in an independent living assistance program.

Subd. 2. **Admission.** (a) The license holder shall accept as clients in the independent living assistance program only youth ages 16 to 21 who are in out-of-home placement, leaving out-of-home placement, at risk of becoming homeless, or homeless.

(b) Youth who have current drug or alcohol problems, a recent history of violent behaviors, or a mental health disorder or issue that is not being resolved through counseling or treatment are not eligible to receive the services described in subdivision 1.

(c) Youth who are not employed, participating in employment training, or enrolled in an academic program are not eligible to receive transitional housing or independent living assistance.

(d) The commissioner may grant a variance under section 245A.04, subdivision 9, to requirements in this section.

Subd. 3. **Independent living plan.** (a) Unless an independent living plan has been developed by the local agency, the license holder shall develop a plan based on the client's individual needs that specifies objectives for the client. The services provided shall include those specified in this section. The plan shall identify the persons responsible for implementation of each part of the plan. The plan shall be reviewed as necessary, but at least annually.

(b) The following services, or adequate access to referrals for the following services, must be made available to the targeted youth participating in the programs described in subdivision 1:

(1) counseling services for the youth and their families, if appropriate, on site, to help with problems that contributed to the homelessness or could impede making the transition to independent living;

(2) educational, vocational, or employment services;

(3) health care;

(4) transportation services including, where appropriate, assisting the child in obtaining a driver's license;

(5) money management skills training;

(6) planning for ongoing housing;

(7) social and recreational skills training; and

(8) assistance establishing and maintaining connections with the child's family and community.

Subd. 4. **Records.** (a) The license holder shall maintain a record for each client.

(b) For each client the record maintained by the license holder shall document the following:

(1) admission information;

(2) the independent living plan;

(3) delivery of the services required of the license holder in the independent living plan;

(4) the client's progress toward obtaining the objectives identified in the independent living plan; and

(5) a termination summary after service is terminated.

(c) If the license holder manages the client's money, the record maintained by the license holder shall also include the following:

- (1) written permission from the client or the client's legal guardian to manage the client's money;
- (2) the reasons the license holder is to manage the client's money; and
- (3) a complete record of the use of the client's money and reconciliation of the account.

Subd. 5. **Service termination plan.** The license holder, in conjunction with the county agency, shall establish a service termination plan that specifies how independent living assistance services will be terminated and the actions to be performed by the involved agencies, including necessary referrals for other ongoing services.

Subd. 6. **Place of residence provided by program.** When a client's place of residence is provided by the license holder as part of the independent living assistance program, the place of residence is not subject to separate licensure.

Subd. 7. **General licensing requirements apply.** In addition to the requirements of this section, providers of independent living assistance are subject to general licensing requirements of this chapter.

#### **245C.02 DEFINITIONS.**

Subd. 9. **Contractor.** "Contractor" means any individual, regardless of employer, who is providing program services for hire under the control of the provider.

#### **245C.301 NOTIFICATION OF SET-ASIDE OR VARIANCE.**

(a) Except as provided under paragraphs (b) and (c), if required by the commissioner, family child care providers and child care centers must provide a written notification to parents considering enrollment of a child or parents of a child attending the family child care or child care center if the program employs or has living in the home any individual who is the subject of either a set-aside or variance.

(b) Notwithstanding paragraph (a), family child care license holders are not required to disclose that the program has an individual living in the home who is the subject of a set-aside or variance if:

- (1) the household member resides in the residence where the family child care is provided;
- (2) the subject of the set-aside or variance is under the age of 18 years; and
- (3) the set-aside or variance relates to a disqualification under section 245C.15, subdivision 4, for a misdemeanor-level theft crime as defined in section 609.52.

(c) The notice specified in paragraph (a) is not required when the period of disqualification in section 245C.15, subdivisions 2 to 4, has been exceeded.

#### **256.9685 ESTABLISHMENT OF INPATIENT HOSPITAL PAYMENT SYSTEM.**

Subd. 1c. **Judicial review.** A hospital, physician, advanced practice registered nurse, or physician assistant aggrieved by an order of the commissioner under subdivision 1b may appeal the order to the district court of the county in which the physician, advanced practice registered nurse, physician assistant, or hospital is located by:

- (1) serving a written copy of a notice of appeal upon the commissioner within 30 days after the date the commissioner issued the order; and
- (2) filing the original notice of appeal and proof of service with the court administrator of the district court. The appeal shall be treated as a dispositive motion under the Minnesota General Rules of Practice, rule 115. The district court scope of review shall be as set forth in section 14.69.

Subd. 1d. **Transmittal of record.** Within 30 days after being served with the notice of appeal, the commissioner shall transmit to the district court the original or certified copy of the entire record considered by the commissioner in making the final agency decision. The district court shall not consider evidence that was not included in the record before the commissioner.

**9505.0505 DEFINITIONS.**

Subp. 18. **Medical review agent.** "Medical review agent" means the representative of the commissioner who is authorized by the commissioner to administer procedures for admission certifications, medical record reviews and reconsideration, and perform other functions as stipulated in the terms of the agent's contract with the department.

**9505.0520 INPATIENT ADMISSION CERTIFICATION.**

Subp. 9b. **Reconsideration; physician advisers appointed by medical review agent.** Upon receipt of a request for reconsideration under subpart 9, the medical review agent shall appoint at least three physician advisers who did not take part in the decision to deny or withdraw all or part of the admission certification. Each physician adviser shall determine the medical necessity of the admission or the continued stay or, in the case of a readmission, determine whether the admission and readmission meet the criteria in part 9505.0540. The reconsideration decision must be the majority opinion of the physician advisers. In making the decision, the three physician advisers shall use the criteria of medical necessity set out in part 9505.0530.