

CONFERENCE COMMITTEE REPORT ON S.F. No. 799

A bill for an act

relating to state government; modifying provisions for certain interagency agreements and intra-agency transfers; amending Minnesota Statutes 2016, sections 62V.05, subdivision 12; 144.05, subdivision 6; 256.01, subdivision 41.

May 20, 2018

The Honorable Michelle L. Fischbach
President of the Senate

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 799 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 799 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation	\$	-0-	\$	32,145,000
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Central Office; Operations	-0-	6,549,000
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(a) **Advisory Council on Rare Diseases.**

\$150,000 in fiscal year 2019 is for transfer to
the Board of Regents of the University of
Minnesota for the advisory council on rare

2.1 diseases under Minnesota Statutes, section
2.2 137.68.

2.3 **(b) Study and Report on Health Insurance**
2.4 **Rate Disparities between Geographic**
2.5 **Rating Areas. \$251,000 in fiscal year 2019**
2.6 is for transfer to the Legislative Coordinating
2.7 Commission for the Office of the Legislative
2.8 Auditor to study and report on disparities
2.9 between geographic rating areas in individual
2.10 and small group market health insurance rates.
2.11 This is a onetime appropriation and a onetime
2.12 transfer.

2.13 **(c) Substance Abuse Recovery Services**
2.14 **Provided through Minnesota Recovery**
2.15 **Corps. \$309,000 in fiscal year 2019 is for**
2.16 transfer to ServeMinnesota under Minnesota
2.17 Statutes, section 124D.37, to provide
2.18 evidenced-based substance abuse recovery
2.19 services through Minnesota Recovery Corps.
2.20 Funds shall be used to support training,
2.21 supervision, and deployment of AmeriCorps
2.22 members to serve as recovery navigators. The
2.23 Minnesota Commission on National and
2.24 Community Service shall include in the
2.25 commission's report to the legislature under
2.26 Minnesota Statutes, section 124D.385,
2.27 subdivision 3, an evaluation of program data
2.28 to determine the efficacy of the services in
2.29 promoting sustained substance abuse recovery,
2.30 including but not limited to stable housing,
2.31 relationship-building, employment skills, or
2.32 a year of AmeriCorps service. This is a
2.33 onetime appropriation and a onetime transfer.

2.34 **(d) Base Level Adjustment. The general fund**
2.35 **base is increased by \$6,993,000 in fiscal year**

3.1	<u>2020 and increased by \$6,936,000 in fiscal</u>		
3.2	<u>year 2021.</u>		
3.3	<u>Subd. 3. Central Office; Children and Families</u>	<u>-0-</u>	<u>84,000</u>
3.4	<u>Task Force on Childhood</u>		
3.5	<u>Trauma-Informed Policy and Practices.</u>		
3.6	<u>\$84,000 in fiscal year 2019 is for the task force</u>		
3.7	<u>on childhood trauma-informed policy and</u>		
3.8	<u>practices. This is a onetime appropriation.</u>		
3.9	<u>Subd. 4. Central Office; Health Care</u>	<u>-0-</u>	<u>1,058,000</u>
3.10	<u>Base Level Adjustment.</u> The general fund		
3.11	<u>base is increased by \$1,574,000 in fiscal year</u>		
3.12	<u>2020 and increased by \$1,580,000 in fiscal</u>		
3.13	<u>year 2021.</u>		
3.14	<u>Subd. 5. Central Office; Continuing Care for</u>		
3.15	<u>Older Adults</u>	<u>-0-</u>	<u>2,353,000</u>
3.16	<u>(a) Regional Ombudsmen.</u> \$1,283,000 in		
3.17	<u>fiscal year 2019 is for nine additional regional</u>		
3.18	<u>ombudsmen and one policy lead in the Office</u>		
3.19	<u>of Ombudsman for Long-Term Care, to</u>		
3.20	<u>perform the duties in Minnesota Statutes,</u>		
3.21	<u>section 256.9742. The base for this</u>		
3.22	<u>appropriation is \$1,459,000 in fiscal year 2020</u>		
3.23	<u>and \$1,459,000 in fiscal year 2021.</u>		
3.24	<u>(b) Base Level Adjustment.</u> The general fund		
3.25	<u>base is increased by \$2,149,000 in fiscal year</u>		
3.26	<u>2020 and increased by \$2,149,000 in fiscal</u>		
3.27	<u>year 2021.</u>		
3.28	<u>Subd. 6. Central Office; Community Supports</u>	<u>-0-</u>	<u>4,072,000</u>
3.29	<u>Base Level Adjustment.</u> The general fund		
3.30	<u>base is increased by \$4,012,000 in fiscal year</u>		
3.31	<u>2020 and increased by \$4,012,000 in fiscal</u>		
3.32	<u>year 2021.</u>		
3.33	<u>Subd. 7. Forecasted Programs; Medical</u>		
3.34	<u>Assistance</u>	<u>-0-</u>	<u>28,082,000</u>

4.1	<u>Subd. 8. Forecasted Programs; Alternative Care</u>	<u>-0-</u>	<u>(28,000)</u>
4.2	<u>Subd. 9. Forecasted Programs; Chemical</u>		
4.3	<u>Dependency Treatment Fund</u>	<u>-0-</u>	<u>(12,153,000)</u>
4.4	<u>Subd. 10. Grant Programs; Children's Services</u>		
4.5	<u>Grants</u>	<u>-0-</u>	<u>365,000</u>
4.6	<u>American Indian Child Welfare Initiative.</u>		
4.7	<u>\$365,000 in fiscal year 2019 is for planning</u>		
4.8	<u>efforts to expand the American Indian Child</u>		
4.9	<u>Welfare Initiative authorized under Minnesota</u>		
4.10	<u>Statutes, section 256.01, subdivision 14b. Of</u>		
4.11	<u>this appropriation, \$240,000 is for a grant to</u>		
4.12	<u>the Mille Lacs Band of Ojibwe and \$125,000</u>		
4.13	<u>is for a grant to the Red Lake Nation. This is</u>		
4.14	<u>a onetime appropriation.</u>		
4.15	<u>Subd. 11. Grant Programs; Child and Economic</u>		
4.16	<u>Support Grants</u>	<u>-0-</u>	<u>517,000</u>
4.17	<u>(a) Community Action Grants. \$200,000 in</u>		
4.18	<u>fiscal year 2019 is for community action grants</u>		
4.19	<u>under Minnesota Statutes, sections 256E.30</u>		
4.20	<u>to 256E.32. The base for this appropriation is</u>		
4.21	<u>\$150,000 in fiscal year 2020 and \$150,000 in</u>		
4.22	<u>fiscal year 2021.</u>		
4.23	<u>(b) Mobile food shelf grants. (1) \$117,000</u>		
4.24	<u>in fiscal year 2019 is for mobile food shelf</u>		
4.25	<u>grants under Minnesota Statutes, section</u>		
4.26	<u>256E.34. The base for this appropriation is</u>		
4.27	<u>\$115,000 in fiscal year 2020 and \$115,000 in</u>		
4.28	<u>fiscal year 2021.</u>		
4.29	<u>(c) Project Legacy. \$200,000 in fiscal year</u>		
4.30	<u>2019 is for a grant to Project Legacy to</u>		
4.31	<u>provide counseling and outreach to youth and</u>		
4.32	<u>young adults from families with a history of</u>		
4.33	<u>generational poverty. This appropriation must</u>		
4.34	<u>be used for mental health care, medical care,</u>		
4.35	<u>chemical dependency interventions, housing,</u>		

5.1 and mentoring and counseling services for
 5.2 first generation college students. This is a
 5.3 onetime appropriation.

5.4 **(d) Base Level Adjustment.** The general fund
 5.5 base is increased by \$265,000 in fiscal year
 5.6 2020 and increased by \$265,000 in fiscal year
 5.7 2021.

5.8 Subd. 12. **Grant Programs; Aging and Adult**
 5.9 **Services Grants**

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5.10 **Live Well At Home Grants.** Of the fiscal
 5.11 year 2019 general fund appropriation in Laws
 5.12 2017, First Special Session chapter 6, article
 5.13 18, section 2, subdivision 27: (1) \$50,000 shall
 5.14 be used to provide a live well at home grant
 5.15 under Minnesota Statutes, section 256B.0917,
 5.16 to an organization that provides block nurse
 5.17 services to the elderly in the city of McGregor;
 5.18 and (2) \$120,000 shall be used to provide a
 5.19 live well at home grant under Minnesota
 5.20 Statutes, section 256B.0917, to an organization
 5.21 that provides block nurse services to the
 5.22 elderly in the city of Grove City.

5.23 Subd. 13. **Grant Programs; Chemical**
 5.24 **Dependency Treatment Support Grants**

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1,246,000

5.25 **(a) Student Health Initiative to Limit Opioid**
 5.26 **Harm.** \$195,000 in fiscal year 2019 is for the
 5.27 student health initiative to limit opioid harm.
 5.28 This is a onetime appropriation.

5.29 **(b) Opioid Epidemic Response Grants.**
 5.30 \$1,051,000 is for opioid epidemic response
 5.31 grants under Minnesota Statutes, section
 5.32 256.043. The base for this appropriation is
 5.33 \$1,000,000 in fiscal year 2020 and \$1,000,000
 5.34 in fiscal year 2021. The commissioner shall
 5.35 transfer \$1,051,000 in fiscal year 2019 from

6.1 the general fund to the opioid epidemic
6.2 response account under Minnesota Statutes,
6.3 section 256.043. The base for this transfer is
6.4 \$1,000,000 in fiscal year 2020 and \$1,000,000
6.5 in fiscal year 2021.

6.6 (c) Base Level Adjustment. The general fund
6.7 base is increased by \$1,000,000 in fiscal year
6.8 2020 and increased by \$1,000,000 in fiscal
6.9 year 2021.

6.10 **EFFECTIVE DATE.** This section is effective July 1, 2018, and replaces article 45,
6.11 section 2, in S.F. No. 3656 if enacted.

6.12 **Sec. 2. COMMISSIONER OF HEALTH**

6.13	<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>-0-</u>	<u>\$</u>	<u>7,069,000</u>
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6.14 Appropriations by Fund

6.15		<u>2018</u>	<u>2019</u>
6.16	<u>General</u>	<u>-0-</u>	<u>7,044,000</u>
6.17	<u>State Government</u>		
6.18	<u>Special Revenue</u>	<u>-0-</u>	<u>25,000</u>

6.19 The amounts that may be spent for each
6.20 purpose are specified in the following
6.21 subdivisions.

6.22	Subd. 2. Health Improvement	-0-	4,554,000
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6.23 **(a) Minnesota Biomedicine and Bioethics**
6.24 **Innovation Grants.** \$500,000 in fiscal year
6.25 **2019 is for transfer to the Board of Regents**
6.26 **of the University of Minnesota for Minnesota**
6.27 **biomedicine and bioethics innovation grants**
6.28 **under Minnesota Statutes, section 137.67.**

6.29 **(b) Mental Health and Substance Use**
6.30 **Disorder Parity Work Group.** \$75,000 in
6.31 fiscal year 2019 is for transfer to the
6.32 commissioner of commerce for the mental
6.33 health and substance use disorder parity work

7.1 group. This is a onetime appropriation and a
7.2 onetime transfer.

7.3 **(c) The TAP Program.** Notwithstanding
7.4 Minnesota Statutes, section 16B.97, \$10,000
7.5 in fiscal year 2019 is for a grant to the TAP
7.6 in St. Paul to support mental health in
7.7 disability communities through spoken art
7.8 forms, community supports, and community
7.9 engagement. The commissioner may use only
7.10 up to 3.5 percent of this appropriation for
7.11 administrative costs.

7.12 **(d) Opioid Overdose Reduction Pilot**
7.13 **Program.** \$1,000,000 in fiscal year 2019 is
7.14 for the opioid overdose reduction pilot
7.15 program. This is a onetime appropriation and
7.16 is available until June 30, 2021. The
7.17 commissioner may use only up to 3.5 percent
7.18 of this appropriation for administrative costs.

7.19 **(e) Reduction of Statewide Health**
7.20 **Improvement Program Appropriation.** The
7.21 appropriation in Laws 2017, First Special
7.22 Session chapter 6, article 18, section 3,
7.23 subdivision 2, from the health care access fund
7.24 for the statewide health improvement program
7.25 under Minnesota Statutes, section 145.986, is
7.26 reduced by \$291,000 in fiscal year 2019. The
7.27 base for this reduction is \$1,550,000 in fiscal
7.28 year 2020, and \$2,955,000 in fiscal year 2021.

7.29 **(f) Statewide Tobacco Cessation Services.**
7.30 \$291,000 in fiscal year 2019 is appropriated
7.31 from the health care access fund for statewide
7.32 tobacco cessation services under Minnesota
7.33 Statutes, section 144.397. The base for this
7.34 appropriation is \$1,550,000 in fiscal year
7.35 2020, and \$2,955,000 in fiscal year 2021.

(g) Additional Funding for Opioid

Prevention Pilot Projects. \$2,000,000 in fiscal year 2019 is for opioid abuse prevention pilot projects under Laws 2017, First Special Session chapter 6, article 10, section 144. Of this amount, \$1,400,000 is for the opioid abuse prevention pilot project through CHI St. Gabriel's Health Family Medical Center, also known as Unity Family Health Care. \$600,000 is for Project Echo through CHI St. Gabriel's Health Family Medical Center for e-learning sessions centered around opioid case management and best practices for opioid abuse prevention. The commissioner may use only up to 3.5 percent of this appropriation for administrative costs.

(h) Suicide Prevention Grants. \$969,000 in fiscal year 2019 is for suicide prevention grants under Minnesota Statutes, section 145.56, subdivision 2, clause (7). This is a onetime appropriation.

(i) Base Level Adjustments. The general fund base is increased by \$500,000 in fiscal year 2020 and increased by \$500,000 in fiscal year 2021.

Subd. 3. Health Protection

Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>2,490,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>25,000</u>

(a) Regulation of Low-Dose X-Ray Security Screening Systems. \$29,000 in fiscal year 2019 is from the state government special revenue fund for rulemaking under Minnesota Statutes, section 144.121. The base for this

9.1 appropriation is \$21,000 in fiscal year 2020
9.2 and \$21,000 in fiscal year 2021.

9.3 **(b) Assisted Living Report Card Working**
9.4 **Group.** \$27,000 in fiscal year 2019 is from
9.5 the general fund for the assisted living report
9.6 card working group. This is a onetime
9.7 appropriation.

9.8 **(c) Assisted Living Licensure and Dementia**
9.9 **Care Task Force.** \$60,000 in fiscal year 2019
9.10 is from the general fund for the Assisted
9.11 Living Licensure and Dementia Care Task
9.12 Force. This is a onetime appropriation.

9.13 **(d) Safety and Quality Improvement**
9.14 **Practices Report.** \$33,000 in fiscal year 2019
9.15 is from the general fund for the safety and
9.16 quality improvement practices report.

9.17 **(e) Technology Upgrades.** \$1,755,000 in
9.18 fiscal year 2019 is from the general fund for
9.19 Web site improvements and data analytics at
9.20 the Office of Health Facility Complaints. The
9.21 general fund base for this appropriation is
9.22 \$971,000 in fiscal year 2020 and \$853,000 in
9.23 fiscal year 2021.

9.24 **(f) Base Level Adjustment.** The general fund
9.25 base is increased by \$1,420,000 in fiscal year
9.26 2020 and increased by \$1,289,000 in fiscal
9.27 year 2021. The state government special
9.28 revenue fund base is increased by \$17,000 in
9.29 fiscal year 2020 and increased by \$17,000 in
9.30 fiscal year 2021.

9.31 **EFFECTIVE DATE.** This section is effective July 1, 2018, and replaces article 45,
9.32 section 3, in S.F. No. 3656 if enacted.

Sec. 3. **[256.042] OPIOID EPIDEMIC RESPONSE ADVISORY COUNCIL.**

Subdivision 1. Establishment of the advisory council. (a) The Opioid Epidemic Response Advisory Council is established to develop and implement a comprehensive and effective statewide effort to address the opioid addiction and overdose epidemic in Minnesota.

The council shall focus on:

(1) prevention and education, including public education and awareness for adults and youth, prescriber education, the development and sustainability of opioid overdose prevention and education programs, and providing financial support to local law enforcement agencies for opiate antagonist programs;

(2) treatment, including statewide access to effective treatment and recovery services that is aligned with Minnesota's model of care approach to promoting access to treatment and recovery services. This includes ensuring that individuals throughout the state have access to treatment and recovery services, including care coordination services; peer recovery services; medication-assisted treatment and office-based opioid treatment; integrative and multidisciplinary therapies; and culturally specific services; and

(3) innovation and capacity building, including development of evidence-based practices, using research and evaluation to understand which policies and programs promote efficient and effective prevention, treatment, and recovery results. This also includes ensuring that there are qualified providers and a comprehensive set of treatment and recovery services throughout the state.

(b) The council shall:

(1) review local, state, and federal initiatives and funding related to prevention and education, treatment, and services for individuals and families experiencing and affected by opioid abuse, and promoting innovation and capacity building to address the opioid addiction and overdose epidemic;

(2) establish priorities to address the state's opioid addiction and overdose epidemic for the purpose of allocating funds and consult with the commissioner of management and budget to determine whether proposals are for evidence-based practices, promising practices, or theory-based practices;

(3) ensure that available funding under this section is allocated to align with existing state and federal funding to achieve the greatest impact and ensure a coordinated state effort to address the opioid addiction and overdose epidemic;

11.1 (4) develop criteria and procedures to be used in awarding grants and allocating available
11.2 funds from the opioid epidemic response account and select proposals to receive grant
11.3 funding. The council is encouraged to select proposals that are promising practices or
11.4 theory-based practices, in addition to evidence-based practices, to help identify new
11.5 approaches to effective prevention, treatment, and recovery; and

11.6 (5) in consultation with the commissioner of management and budget, and within
11.7 available appropriations, select from the awarded grants projects that include promising
11.8 practices or theory-based activities for which the commissioner of management and budget
11.9 shall conduct evaluations using experimental or quasi-experimental design. Grants awarded
11.10 to proposals that include promising practices or theory-based activities and that are selected
11.11 for an evaluation shall be administered to support the experimental or quasi-experimental
11.12 evaluation and require grantees to collect and report information that is needed to complete
11.13 the evaluation. The commissioner of management and budget, under section 15.08, may
11.14 obtain additional relevant data to support the experimental or quasi-experimental evaluation
11.15 studies.

11.16 Subd. 2. **Membership.** (a) The council shall consist of 18 members appointed by the
11.17 commissioner of human services, except as otherwise specified:

11.18 (1) two members of the house of representatives, one from the majority party appointed
11.19 by the speaker of the house and one from the minority party appointed by the minority
11.20 leader;

11.21 (2) two members of the senate, one from the majority party appointed by the senate
11.22 majority leader and one from the minority party appointed by the senate minority leader;

11.23 (3) one member appointed by the Board of Pharmacy;

11.24 (4) one member who is a physician appointed by the Minnesota chapter of the American
11.25 College of Emergency Physicians;

11.26 (5) one member representing opioid treatment programs or sober living programs;

11.27 (6) one member who is a physician appointed by the Minnesota Hospital Association;

11.28 (7) one member who is a physician appointed by the Minnesota Society of Addiction
11.29 Medicine;

11.30 (8) one member who is a pain psychologist;

11.31 (9) one member appointed by the Steve Rummeler Hope Network;

11.32 (10) one member appointed by the Minnesota Ambulance Association;

12.1 (11) one member representing the Minnesota courts who is a judge or law enforcement
12.2 officer;

12.3 (12) one public member who is a Minnesota resident and who has been impacted by the
12.4 opioid epidemic;

12.5 (13) one member representing a manufacturer of opiates;

12.6 (14) one member representing an Indian tribe;

12.7 (15) the commissioner of human services or designee; and

12.8 (16) the commissioner of health or designee.

12.9 (b) The commissioner of human services shall coordinate appointments to provide
12.10 geographic diversity and shall ensure that at least one-half of council members reside outside
12.11 of the seven-county metropolitan area.

12.12 (c) The council is governed by section 15.059, except that members of the council shall
12.13 receive no compensation other than reimbursement for expenses. Notwithstanding section
12.14 15.059, subdivision 6, the council shall not expire.

12.15 (d) The chair shall convene the council at least quarterly, and may convene other meetings
12.16 as necessary. The chair shall convene meetings at different locations in the state to provide
12.17 geographic access, and shall ensure that at least one-half of the meetings are held at locations
12.18 outside of the seven-county metropolitan area.

12.19 (e) The commissioner of human services shall provide staff and administrative services
12.20 for the advisory council.

12.21 (f) The council is subject to chapter 13D.

12.22 Subd. 3. **Conflict of interest.** Advisory council members must disclose to the council
12.23 and recuse themselves from voting on any matter before the council if the member has a
12.24 conflict of interest. A conflict of interest means a financial association that has the potential
12.25 to bias or have the appearance of biasing a council member's decision related to the opioid
12.26 epidemic response grant decision process or other council activities under this section.

12.27 Subd. 4. **Grants.** (a) The commissioner of human services shall submit a report of the
12.28 grants proposed by the advisory council to be awarded for the upcoming fiscal year to the
12.29 chairs and ranking minority members of the legislative committees with jurisdiction over
12.30 health and human services policy and finance, by March 1 of each year, beginning March
12.31 1, 2019.

(b) The commissioner of human services shall award grants from the opioid epidemic response account under section 256.043. The grants shall be awarded to proposals selected by the advisory council that address the priorities in paragraph (a), clauses (1) to (3), unless otherwise appropriated by the legislature. No more than three percent of the grant amount may be used by a grantee for administration.

Subd. 5. **Reports.** (a) The advisory council shall report annually to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by January 1 of each year beginning January 1, 2021, information about the individual projects that receive grants and the overall role of the project in addressing the opioid addiction and overdose epidemic in Minnesota. The report must describe the grantees and the activities implemented, along with measurable outcomes as determined by the council in consultation with the commissioner of human services and the commissioner of management and budget.

(b) The commissioner of management and budget, in consultation with the Opioid Epidemic Response Council, shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance when an evaluation study described in subdivision 1, paragraph (b), clause (5), is complete on the promising practices or theory-based projects that are selected for evaluation activities. The report shall include demographic information; outcome information for the individuals in the program; the results for the program in promoting recovery, employment, family reunification, and reducing involvement with the criminal justice system; and other relevant outcomes determined by the commissioner of management and budget that are specific to the projects that are evaluated. The report shall include information about the ability of grant programs to be scaled to achieve statewide the results that the grant project demonstrated.

Sec. 4. [256.043] OPIATE EPIDEMIC RESPONSE ACCOUNT.

Subdivision 1. **Establishment.** The opiate epidemic response account is established in the special revenue fund in the state treasury.

Subd. 2. **Use of account funds.** (a) Beginning in fiscal year 2019, money in the account shall be appropriated each fiscal year as specified in this subdivision.

(b) \$213,000 is appropriated to the commissioner of management and budget for evaluation activities for selected projects.

14.1 (c) \$384,000 is appropriated to the commissioner of public safety for Bureau of Criminal
 14.2 Apprehension drug scientists and lab supplies.

14.3 (d) \$56,000 is appropriated to the commissioner of human services for the provision of
 14.4 administrative services to the Opioid Epidemic Response Advisory Council.

14.5 (e) Money remaining in the opioid epidemic response account after making the
 14.6 appropriations required in paragraphs (b) through (d) is appropriated to the commissioner
 14.7 of human services to be allocated as grants as specified by the opioid epidemic response
 14.8 advisory council in accordance with section 256.042, unless otherwise appropriated by the
 14.9 legislature.

14.10 **EFFECTIVE DATE.** This section is effective July 1, 2018, and replaces article 38,
 14.11 section 10, in S.F. No. 3656 if enacted.

14.12 Sec. 5. Minnesota Statutes 2016, section 256B.0625, subdivision 13e, is amended to read:

14.13 Subd. 13e. **Payment rates.** (a) Effective January 1, 2019, or upon federal approval,
 14.14 whichever is later, the basis for determining the amount of payment shall be the lower of
 14.15 the actual acquisition costs ingredient cost of the drugs or the maximum allowable cost by
 14.16 the commissioner plus the fixed professional dispensing fee; or the usual and customary
 14.17 price charged to the public. The usual and customary price is defined as the lowest price
 14.18 charged by the provider to a patient who pays for the prescription by cash, check, or charge
 14.19 account and includes those prices the pharmacy charges to customers enrolled in a
 14.20 prescription savings club or prescription discount club administered by the pharmacy or
 14.21 pharmacy chain. The amount of payment basis must be reduced to reflect all discount
 14.22 amounts applied to the charge by any third-party provider/insurer agreement or contract for
 14.23 submitted charges to medical assistance programs. The net submitted charge may not be
 14.24 greater than the patient liability for the service. The pharmacy professional dispensing fee
 14.25 shall be \$3.65 \$10.48 for legend prescription drugs prescriptions filled with legend drugs
 14.26 meeting the definition of "covered outpatient drugs" according to United States Code, title
 14.27 42, section 1396r-8, paragraph (k), clause (2), except that the dispensing fee for intravenous
 14.28 solutions which must be compounded by the pharmacist shall be \$8 \$10.48 per bag, \$14
 14.29 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional
 14.30 products dispensed in one-liter quantities, or \$44 per bag for total parenteral nutritional
 14.31 products dispensed in quantities greater than one-liter. The professional dispensing fee for
 14.32 prescriptions filled with over-the-counter drugs meeting the definition of covered outpatient
 14.33 drugs shall be \$10.48 for dispensed quantities equal to or greater than the number of units
 14.34 contained in the manufacturer's original package. The professional dispensing fee shall be

15.1 prorated based on the percentage of the package dispensed when the pharmacy dispenses
15.2 a quantity less than the number of units contained in the manufacturer's original package.
15.3 The pharmacy dispensing fee for prescribed over-the-counter drugs not meeting the definition
15.4 of covered outpatient drugs shall be \$3.65, except that the fee shall be \$1.31 for
15.5 retrospectively billing pharmacies when billing for quantities less than the number of units
15.6 contained in the manufacturer's original package. Actual acquisition cost includes quantity
15.7 and other special discounts except time and cash discounts. The actual acquisition cost of
15.8 a drug shall be estimated by the commissioner at wholesale acquisition cost plus four percent
15.9 for independently owned pharmacies located in a designated rural area within Minnesota,
15.10 and at wholesale acquisition cost plus two percent for all other pharmacies. A pharmacy is
15.11 "independently owned" if it is one of four or fewer pharmacies under the same ownership
15.12 nationally. A "designated rural area" means an area defined as a small rural area or isolated
15.13 rural area according to the four-category classification of the Rural Urban Commuting Area
15.14 system developed for the United States Health Resources and Services Administration.
15.15 Effective January 1, 2014, the actual acquisition for quantities equal to or greater than the
15.16 number of units contained in the manufacturer's original package and shall be prorated based
15.17 on the percentage of the package dispensed when the pharmacy dispenses a quantity less
15.18 than the number of units contained in the manufacturer's original package. The National
15.19 Average Drug Acquisition Cost (NADAC) shall be used to determine the ingredient cost
15.20 of a drug. For drugs for which a NADAC is not reported, the commissioner shall estimate
15.21 the ingredient cost at wholesale acquisition cost minus two percent. The commissioner shall
15.22 establish the ingredient cost of a drug acquired through the federal 340B Drug Pricing
15.23 Program shall be estimated by the commissioner at wholesale acquisition cost minus 40
15.24 percent at a 340B Drug Pricing Program maximum allowable cost. The 340B Drug Pricing
15.25 Program maximum allowable cost shall be comparable to, but no higher than, the 340B
15.26 Drug Pricing Program ceiling price established by the Health Resources and Services
15.27 Administration. Wholesale acquisition cost is defined as the manufacturer's list price for a
15.28 drug or biological to wholesalers or direct purchasers in the United States, not including
15.29 prompt pay or other discounts, rebates, or reductions in price, for the most recent month for
15.30 which information is available, as reported in wholesale price guides or other publications
15.31 of drug or biological pricing data. The maximum allowable cost of a multisource drug may
15.32 be set by the commissioner and it shall be comparable to, but the actual acquisition cost of
15.33 the drug product and no higher than, the maximum amount paid by other third-party payors
15.34 in this state who have maximum allowable cost programs and no higher than the NADAC
15.35 of the generic product. Establishment of the amount of payment for drugs shall not be subject
15.36 to the requirements of the Administrative Procedure Act.

(b) Pharmacies dispensing prescriptions to residents of long-term care facilities using an automated drug distribution system meeting the requirements of section 151.58, or a packaging system meeting the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse, may employ retrospective billing for prescription drugs dispensed to long-term care facility residents. A retrospectively billing pharmacy must submit a claim only for the quantity of medication used by the enrolled recipient during the defined billing period. A retrospectively billing pharmacy must use a billing period not less than one calendar month or 30 days.

~~(c) An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. A pharmacy provider using packaging that meets the standards set forth in Minnesota Rules, part 6800.2700, is required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse, unless the pharmacy is using retrospective billing. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.~~

(d) ~~Whenever a maximum allowable cost has been set for~~ If a pharmacy dispenses a multisource drug, payment shall be the lower of the usual and customary price charged to the public or the ingredient cost shall be the NADAC of the generic product or the maximum allowable cost established by the commissioner unless prior authorization for the brand name product has been granted according to the criteria established by the Drug Formulary Committee as required by subdivision 13f, paragraph (a), and the prescriber has indicated "dispense as written" on the prescription in a manner consistent with section 151.21, subdivision 2.

(e) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider, 106 percent of the average sales price as determined by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. If average sales price is unavailable, the amount of payment must be lower of the usual and customary cost submitted by the provider, the wholesale acquisition

cost, the specialty pharmacy rate, or the maximum allowable cost set by the commissioner. Effective January 1, ~~2014~~ 2019, or upon federal approval, whichever is later, the commissioner shall discount the payment rate for drugs obtained through the federal 340B Drug Pricing Program by ~~20~~ 28.6 percent. The payment for drugs administered in an outpatient setting shall be made to the administering facility or practitioner. A retail or specialty pharmacy dispensing a drug for administration in an outpatient setting is not eligible for direct reimbursement.

(f) The commissioner may ~~negotiate lower reimbursement rates~~ establish maximum allowable cost rates for specialty pharmacy products ~~than the rates that are lower than the ingredient cost formulas~~ specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers ~~with whom the commissioner has negotiated lower reimbursement rates~~ able to provide enhanced clinical services and willing to accept the specialty pharmacy reimbursement. Specialty pharmacy products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, antihemophilic factor products, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to ~~this paragraph~~ maximum allowable cost reimbursement. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the ~~reimbursement rate~~ maximum allowable cost to prevent access to care issues.

(g) Home infusion therapy services provided by home infusion therapy pharmacies must be paid at rates according to subdivision 8d.

(h) Subject to federal approval, effective for prescriptions filled on or after January 1, 2019, the commissioner shall increase the ingredient cost reimbursement calculated in paragraphs (a) and (f) by two percent for prescription and nonprescription drugs subject to the wholesale drug distributor tax under section 295.52.

EFFECTIVE DATE. This section is effective July 1, 2018, and replaces article 34, section 10, in S.F. No. 3656 if enacted.

18.1 Sec. 6. **STATE LOTTERY.**

18.2 The amendments to Minnesota Statutes 2016, section 349A.06, subdivision 11, by 2018
18.3 S.F. No. 3656, article 2, section 18, if enacted, are repealed retroactively to the day of final
18.4 enactment.

18.5 Sec. 7. **INSURANCE RISK.**

18.6 The amendments to Minnesota Statutes 2016, section 62V.05, subdivision 10, by 2018
18.7 S.F. No. 3656, article 43, section 2, if enacted, are repealed retroactively to the day of final
18.8 enactment.

18.9 Sec. 8. **EFFECTIVE DATE.**

18.10 This act is effective only if 2018 S.F. No. 3656 is enacted."

18.11 Amend the title accordingly

19.1 We request the adoption of this report and repassage of the bill.

19.2 Senate Conferees:

19.3	.....	.....
19.4	Michelle R. Benson	Jim Abeler

19.5	.....	.....
19.6	Karin Housley	Paul Utke

19.7	.....
19.8	Tony Lourey

19.9 House Conferees:

19.10	.....	.....
19.11	Matt Dean	Joe Schomacker

19.12	.....	.....
19.13	Tony Albright	Debra Kiel

19.14	.....
19.15	Jennifer Schultz