

**STATE OF MINNESOTA  
MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY**

In the matter of the Proposed Rules Governing the Health Care Equipment Loan Program	Statement of Need and Reasonableness
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The Minnesota Energy and Economic Development Authority (hereinafter, the "Authority") presents herein facts and justifications establishing the need for and reasonableness of its proposed rules governing the Health Care Equipment Loan Program.

8300.3200 Scope and Authority.

This section delineates the scope of parts 8300.3200 to 8300.3204 for loan applications to the authority for health care equipment pursuant to Minnesota Statutes, section 116M.07, subdivision 7a. The authority for adopting permanent rules for the health care equipment loan program is found at Minnesota Statutes, section 116M.07, subdivision 7c.

8300.3201 Definitions.

Subpart 1. Scope. It is necessary to delineate the scope of the terms defined in the definition section to parts 8300.3200 to 8300.3204.

Subpart 2. Application fees. It is reasonable to provide a definition for this term to clarify that the application fees charged by the authority are to cover the actual direct costs of processing the application and servicing the loans by the commissioner of energy and economic development and by the

commissioner of health. It is also reasonable to state how the application fee for a given application is determined and how it shall be paid. The application fee has been reviewed by the commissioner of finance. (see Attachment I.)

Subpart 3. Authority. It is necessary to provide a definition for this term so that applicants understand the reference when made within the body of the rules. It is reasonable to provide the statutory citation to the creation of the authority for clarity as well as a reference for the source of the powers and duties of the authority.

Subpart 4. Commissioner. It is necessary to define this term so that applicants understand that the reference, when made in the body of the rules, applies to the commissioner of the department of energy and economic development or a designee.

Subpart 5. Program Funds. It is reasonable to define this term so that applicants understand the meaning of the term, the source of the funds, and the statutory section which authorizes the same.

Subpart 6. Project. It is necessary and reasonable to define this term so that applicants know the type of expenses that are eligible for funding through the loan program.

8300.3202 Eligible Project for Program Funds.

It is necessary and reasonable to state that an application must meet certain criteria to be eligible for program funds as well as to indicate where the criteria can be found by referencing the applicable statutes and agency rules. It

is necessary to make reference to the rules of the department of health because an application must be reviewed by the department of health.

8300.3203 Procedures for Health Care Equipment Loan Applications.

It is necessary and reasonable to provide direction to an interested applicant on the procedure for making a loan application and to inform interested applicants of certain minimum requirements for the application process.

8300.3204 Procedures for Application Processing.

In general, it is necessary and reasonable to provide information to applicants about the procedures for application processing. It is necessary and reasonable to set forth procedures for the processing of applications to ensure uniform and consistent application.

Subpart 1. Deadline for submission. It is necessary and reasonable to inform applicants of the quarterly deadlines for submission of applications so that applicants wishing to receive consideration or priority in a particular quarter may do so. Quarterly deadlines for submission of applications are utilized to process applications because they provide a workable timeframe for determining whether allocations are available pursuant to Minnesota Statutes, section 116M.07, subdivision 7c(c) (1985 Supp.)

Subpart 2. Review by Department of Health. It is necessary and reasonable to set forth the process of review of an application by the department of health.

Subpart 3. Review and approval. It is necessary and reasonable to set forth the process for review and approval of an application once an application or

project has been approved by the department of health. It is also necessary and reasonable to require that approval of an application is contingent upon sufficient program funds and the provision of bond insurance by a private insurer.

Subpart 4. Authority review and rejection. It is necessary and reasonable to set forth the basis upon which the authority may reject an application and the manner in which an applicant is so notified.

Subpart 5. Loan agreement and disbursement. It is necessary and reasonable to set forth the procedure for completion of a loan agreement by an approved applicant and the disbursement of the programs funds. It is also necessary to state that the disbursement of funds is made in accordance with the terms of the loan agreement and the health care equipment program indenture.

Subpart 6. Payment of application fee. It is necessary to state the payment date for the payment of an application fee. The authority for requiring an application fee is in Minnesota Statutes, section 116M.07, subdivision 7c(c).

Subpart 7. Preparation of documents. It is necessary to designate that the commissioner has the authority and responsibility to prepare documents for the health care equipment loan program and to execute them on behalf of the authority.



# MINNESOTA Department of Energy and Economic Development

Financial Management Division  
Energy Finance (612) 297-1332  
Business Finance (612) 297-3547

900 American Center  
150 East Kellogg Boulevard  
St. Paul, Minnesota 55101

## M E M O R A N D U M

DATE: November 26, 1985

TO: Terence Pohlkamp  
Director

FROM: Edward J. Meyer, Jr. *EJM*  
Deputy Commissioner

SUBJECT: MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY HEALTH CARE  
EQUIPMENT LOAN PROGRAM OPERATIONAL COSTS

## Program Development

## Personnel Costs

Deputy Commissioner	\$12,000
Management Analyst	3,000
Clerical	<u>2,000</u>
	\$15,000

Legal Fees from Attorney General \$ 1,500

Fees for Revisor of Statutes \$ 500

Fees to State Register \$ 1,000

Supplies \$ 1,000

Postage \$ 500

\$19,500

Indirect (+ 17%) 3,315

\$22,815

## Operational Costs

Loan & Contract Officers  
(salary plus benefits at 20%)

CY 1986

\$ 6,880

CY 1987

\$ 7,225

Clerk Typist  
(salary plus benefits at 5%)

\$ 1,210

\$ 1,310

MEMO TO TERRY POHLKAMP CONTINUED  
PAGE 2

Equipment	\$ 500	-
Supplies, postage, copying	\$ 2,000	\$ 2,000
Printing	<u>\$ 1,000</u>	<u>\$ 1,000</u>
	\$11,590	\$11,535
Indirect Costs 17%	<u>\$ 1,970</u>	<u>\$ 1,960</u>
Total	\$13,560	\$13,495

EJM:dc

## Department of Finance

## Fee Review

Department/Agency: Minnesota Energy and Economic Development		Budget Activity: Authority Business Finance			
Fee Name: Application Review Fee for the Health Care Equipment Loan Program					
Legal Citation: 116M.07, Subd. 7			Fee Set By: <input type="checkbox"/> Law <input checked="" type="checkbox"/> Agency		
Purpose of Fee: To reimburse the Department of Energy and Economic Development and the Department of Health.					
<input checked="" type="checkbox"/> Dedicated		<input type="checkbox"/> Non-Dedicated		Revenue Code:	
APID:		Accumulated Difference Thru 1982		Dollars in Thousands (137,522 = 137.5)	
Fiscal Year	Actual F.Y. 83	Actual F.Y. 84	Estimated F.Y. 85 Development	Requested F.Y. 86	Requested F.Y. 87
Actual/Anticipated Receipts			50,000	51,700	103,400
Less Actual/Anticipated Costs		DEED Health	22,815 23,400	6,780 39,487	13,527 78,239
Current <del>Difference</del> Surplus			3,785	5,433	11,634
Accumulated <del>Difference</del> Surplus				9,218	20,852
Number Paying Fee				50	100
Present Fee (proposed)				.4% of Applications	
Date Fee Last Changed				New	
Remarks: The Health Care Equipment Loan Program was authorized by the 1985 Legislature in the tax bill. The bill authorizes the Minnesota Energy & Economic Development Authority (Authority) to issue up to \$95,000,000 in bonds to be used to make loans for equipment to non-profit hospitals in Minnesota. The legislation requires each application to be reviewed and approved by the Department of Health before final approval of the Authority. Currently the Authority and the Department of Health are developing permanent rules that will be used to issue approximately \$90,000,000 in bonds before Dec. 31, 1985. The loan proceeds will be used to make loans to MN hospitals in 1986, 1987, and 1988. The fee of .4% will be obtained by the Authority from the program's trustee twice each year. The money will come from a fund created when the bonds are issued. The fee will reimburse direct and indirect costs of the Authority and the Department of Health as described in 116M.07 which states "the commissioner of energy and economic development may charge a reasonable fee under Section 16A.128 to an applicant for the costs of the departments of health and energy and economic development in the review of the application."					
Finance Department Recommendation:					
C-34					
Department Authorized Signature:			Agency Controller Signature:		

Fee Review

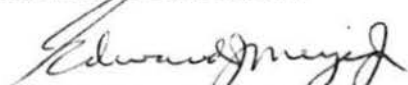

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MEMO TO TERRY POHLKAMP CONTINUED  
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Total	\$13,560	\$13,495

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DEPARTMENT Health

## Office Memorandum

TO: Kathy Burek

DATE: November 8, 1985

FROM: Marianne Miller *MM*

PHONE: 623 - 5520

SUBJECT: Anticipated Direct Costs for HELP

This memo details the anticipated direct costs to the Department of Health for developing and administering the Health Care Equipment Loan Program.

## I. Overview of HELP Program Direct Costs to MDH

Program Development Direct Costs: 1985	\$ 20,000	+ 3400 = 23400
Program Operation Direct Costs: 1986-1988	204,750	<u>34800 = 239550</u>
Grand Total HELP Program Direct Costs 1985-1988	\$ 224,750	<u>38240 = 262990</u>

II. Program Development Direct Costs: 1985\*  
CY 1985

Health Program Representative, Sr. Salary plus benefits for 3 months	\$ 8,030
Clerk Typist 3 Salary plus benefits for 3 months	5,600
Personal Computer/Word Processor plus software	3,000
Legal Fees associated with rule development	1,500
Fees to Revisor of Statutes associated with rule development	370
Fees to State Register for publication of rules	1,000
Supplies	<u>500</u>
Total for CY 85	\$ 20,000 + 400 = 20400
Total Program Development Direct Costs	\$ 20,000

\*Note: This figure does not include the time devoted by Health Department staff in meeting with interested parties and developing early drafts of rules and program operating procedures. Substantial time was devoted to these activities between May 1985 and the present by Gary Goetzke, Marianne Miller, Kathy Burek and Dan McInerney.

II. Program Operation Direct Costs: 1986-1988

CY 1986

Health Program Representative, Sr. salary plus benefits	\$ 34,405
Clerk Typist 3 salary plus benefits	24,195
Conference fees plus travel	900
Continuing Legal Education Tuition plus travel	500
Xerox Memory Typewriter	2,000
Credenza/File Cabinet	500
Supplies-Postage-Copying	2,000
Office Equipment - Desk	2,000
Printing of Loan Application Forms	<u>1,000</u>
Total for CY 1986	\$ 67,500 + 11475 = 78975

CY 1987

Health Program Representative, Sr. salary plus benefits	36,130
Clerk Typist 3 salary plus benefits	26,120
Conference fees plus travel	1,000
Continuing Legal Education Tuition plus travel	500
Form Printing	500
Supplies-Postage-Copying	<u>2,000</u>
Total for CY 1987	\$ 66,250 + 11000 = 77250

CY 1988

Health Program Representative, Sr. salary plus benefits	\$ 38,500
Clerk Typist 3 salary plus benefits	28,500
Conference fees plus travel	1,000
Continuing Legal Education Tuition plus travel	500
Form Printing	500
Supplies-Postage-Copying	<u>2,000</u>
Total for CY 1987	\$ 71,000 + 120,750 = 291,070
Total Program Operation Direct Costs 1986-1988	<u><u>\$ 204,750</u></u>