

7-20-2006

MINNESOTA DEPARTMENT OF PUBLIC SAFETY



Office of Justice Programs Crime Victim Services

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July 17, 2006

Legislative Reference Library
645 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155

Re: In The Matter Of The Proposed Rules Of The State Department Of Public
Safety
Relating To Crime Victim Reparations; Governor' s Tracking #AR266

Dear Librarian:

The Minnesota Department of Public Safety, Office of Justice Programs intends to adopt rules relating to crime victim reparations. We plan to publish a Dual Notice Of Intent To Adopt Rules in the July 31, 2006 State Register.

The Department has prepared a Statement of Need and Reasonableness. As required by Minnesota Statutes, sections 14.131 and 14.23, the Department is sending the Library a copy of the Statement of Need and Reasonableness at the time we are mailing our Notice of Intent to Adopt Rules.

If you have any questions, please contact me at 651-201-7304.

Sincerely,

Handwritten signature of Marie Bibus in cursive script.

Marie Bibus
Reparations Director

Enclosure: Statement of Need and Reasonableness

Alcohol
and Gambling
Enforcement

ARMER/911
Program

Bureau of
Criminal
Apprehension

Driver
and Vehicle
Services

Homeland
Security and
Emergency
Management

Minnesota
State Patrol

Office of
Communications

Office of
Justice Programs

Office of
Traffic Safety

State Fire
Marshal and
Pipeline Safety

Minnesota Department of Public Safety

Office of Justice Programs Division

STATEMENT OF NEED AND REASONABLENESS

Proposed Amendments to Rules Governing the Crime Victims Reparations

Board, *Minnesota Rules*, parts 3050.2900, 3050.3100, 3050.3400, 3050.3600, 3050.3700, 3050.3750, 3050.3800.

I. INTRODUCTION

The Minnesota Crime Victims Reparations Board provides compensation to victims of crime who have suffered physical or emotional injury. Victims and their immediate family members may receive reimbursement for expenses directly related to the crime such as medical or dental care, psychological counseling, loss of income, child care or household services, funeral expenses or loss of support for a victim's spouse and children. Claimants must meet the board's eligibility requirements which include filing a claim within three years, reporting the crime to the police, and cooperating fully with law enforcement. The board is composed of five members who meet once a month to draft new policies and procedures, review claims, and approve or deny awards.

The board is governed by a set of statutes and rules which specify the program's eligibility requirements. The proposed amendments will supplement the existing rules in *Minnesota Rules* chapter 3050. The proposed amendments were developed by the board and are based on the experiences of the board in implementing *Minnesota Statutes*, sections 611A.51 to 611A.67. The amendments are consistent with those statutes.

The board needs the proposed amendments to assist crime victims in a more equitable manner and to control costs. The amendments improve the rules for determining eligibility and will also streamline the payment process for reparations.

The amendments are needed to clarify the definition of contributory misconduct to specifically address gang and drug related crimes. This is necessary to consistently determine whether there was contributory misconduct by the victim in the increasing number of cases where victims were involved with gang or drug activity at the time of their victimization.

The amendments also enhance consistency in determining eligibility for survivor benefits for dependents of deceased victims by changing the requirements, as well as the method of calculating loss of support. This is necessary to provide compensation in a more equitable manner to all children of deceased victims.

The amendments also enhance the board's ability to process claims efficiently. Under the new rules, mental health and dental expenses would be processed in the same way as medical expenses under Minnesota Rule 3050.3700. Under the existing rule, the board determines the percentage of medical expenses to be paid each year. Under the proposed rule, the board would use the same process to determine a percentage of mental health and dental expenses to be paid. The current caps on the number of counseling sessions would be eliminated. This is necessary to provide uniformity in the payment of medical, dental and mental health expenses. This will streamline the payment process and allow the board to control costs, while still assisting victims who need counseling or dental services as a result of a crime.

The amendments also clarify that the board will only pay for household services if they are performed by a licensed professional. This will ensure that the board is only paying for quality services for victims.

The amendments allow a claimant to use up to \$1000 of their maximum funeral benefit for lodging for family members to attend the funeral of a victim who died as a result of a crime. Under the current rule, the family may use a portion of their benefit for transportation expenses. Coverage for lodging expenses is being added because lodging is usually necessary for family members who travel long distances to attend the funeral.

Finally, the amendments allow the board to set a maximum amount for the total accumulated expenses for a victim's medical and dental care, as they do currently for mental health and funeral expenses. This is necessary due to significant increases in the cost of medical care during the past few years.

The amendments allow the board to carry out its mission of assisting all eligible crime victims in a more streamlined and efficient manner, control its costs, and ensure consistency in the board's decision-making.

II. ALTERNATIVE FORMAT

Upon request, this Statement of Need and Reasonableness can be made available in an alternative format, such as large print, Braille, or cassette tape. To make such a request, please contact: Marie Bibus at the Minnesota Crime Victims Reparations Board, 445 Minnesota Street, #2300, St. Paul, MN 55101, phone: 651-215-1557, fax: 651-296-5787, email: Marie.Bibus@state.mn.us. TTY users may call the department at 651-205-4827.

III. STATUTORY AUTHORITY

The Department's statutory authority to adopt the rules is set forth in *Minnesota Statutes* section 611A.56, subdivision 1, paragraph (b), which provides that the board shall

“adopt rules to implement and administer sections 611A.51 to 611A.68, including rules governing the method of practice and procedure before the board, prescribing the manner in which applications for reparations shall be made, and providing for discovery proceedings.”

Under this statute, the Department has the necessary statutory authority to adopt the proposed rules.

The time limit on authority to adopt rules contained in *Minnesota Statutes* section 14.125 does not apply here because the statutory authority to adopt the rules was granted prior to January 1, 1996. Section 14.125 only applies to new rules adopted under new rulemaking authority.

IV. REGULATORY ANALYSIS

1. Persons Who Probably Will Be Affected By the Proposed Rules

A. Classes of Persons Affected

Those persons most affected by these rules will be victims of crime who seek financial assistance from the board and providers of services who receive payments from the board on behalf of victims.

B. Persons Affected Who Will Bear the Costs of the Proposed Rules

There are no administrative costs as a result of implementing the proposed rules.

C. Persons Affected Who Will Benefit From the Proposed Rules

Most crime victims and their dependents will benefit by the expanded eligibility and coverage contained in the proposed rules. In a few cases, loss of support benefits would be lower under the proposed rules than under existing rules.

The board will benefit from the clarifications to the existing rules because the program will be able to assure that services are provided to meet the needs of crime victims.

2. Costs to Agencies and Anticipated Effect on State Revenues

A. Probable Costs to the Department of Public Safety to Implement and Enforce

The proposed rules will not result in any costs to the Department of Public Safety.

The proposed rules will improve the board's ability to control its costs.

B. Probable Cost to Other Agencies to Implement and Enforce

There is no anticipated cost to other state agencies.

C. Anticipated effect on State Revenues

There will be no effect on the state revenues.

3. Less Costly or Less Intrusive Methods

A. Determination of whether there are less costly methods.

These rules have been drafted to provide as little cost as possible. The board, at its annual policy meeting, discussed broader coverage expansions, such as continuing the current policy of paying loss of support benefits for dependents of a deceased victim until the dependents reach 18 years of age. However, because the board has limited funds, the board determined that this would not be affordable. The board chose the less costly option of limiting loss of support to three years.

B. Determination of whether there are less intrusive methods.

The rules have been drafted to provide as little intrusiveness as possible. The board determined there are no less intrusive methods of accomplishing the purpose of the proposed rules.

4. Alternative Methods

A. Alternative methods for achieving the purpose of the proposed rule that were seriously considered.

In its discussion of the proposed rule regarding loss of support, the board considered paying eligible claimants one lump sum of \$1800 for each dependent of a deceased victim.

B. Reasons why the alternative methods were rejected in favor of the proposed rule.

The lump sum proposal was rejected because the lump sum was too low and would create economic hardship for dependents of homicide victims.

5. Probable costs of compliance

A. Probable costs of complying with the proposed rules.

There will be no costs of compliance to victims or service providers in most cases, with the exception of claims for mental health and dental services.

B. Portion of costs to be borne by identifiable categories of affected parties.

The amendments require mental health and dental providers to accept a percentage of the total bill as payment in full, and prohibit them from collecting the balance from patients who are crime victims.

6. Probable costs or consequences of not adopting the proposed rules

A. Probable costs or consequences of not adopting the proposed rules.

If the proposed rules are not adopted, the board will not be able to control the increasing costs of medical care and manage its budget effectively.

B. Portion of costs or consequences borne by identifiable categories of affected parties.

The board would bear the costs if the proposed rules are not adopted.

7. Differences between the Proposed Rules and Existing Federal Regulations

There are no differences between the proposed rules and existing federal regulations on crime victims compensation.

V. PERFORMANCE-BASED RULES

The board carefully considered its proposed rules and avoided any overly prescriptive or inflexible language that would increase costs or decrease effectiveness. The board reviewed its performance objectives prior to drafting the new rules. In its discussions, the board aimed for flexibility, and cost-effectiveness. The proposed rules enhance the board's performance goal of providing reparations benefits in a timely, consistent and compassionate manner to crime victims and their families to ease their financial burden.

VI. NOTICE AND ADDITIONAL NOTICE

The department will distribute a copy of the dual notice, as well as a copy of the rules, to all persons on the Office of Justice Programs, Crime Victim Reparations Board distribution list. Because the Department of Public Safety has such diverse and varied divisions under its purview, most interested persons prefer to be placed on division-specific mailing lists located within each division. To that extent, the Office of Justice Programs Division, Crime Victims Reparations Board maintains a current distribution list of over 400 interested organizations, groups and persons. The list includes all of the victim services agencies and groups funded by the state, as well as other victim services programs listed in the division's directory of crime victim service programs in Minnesota. The agencies and groups include sexual assault programs, domestic violence intervention projects, battered women's shelters, victim/witness assistance programs, county attorney offices, statewide coalitions, as well as several organizations targeting underserved populations.

Additionally, Minnesota Statutes, sections 14.131 and 14.23, require that this statement contain a description of the department's efforts to notify persons or groups who are, or may be, affected by changes to these rules. In order to provide the additional notice to persons who may be affected by the proposed rules, several groups were added to the board's distribution list including the Mental Health Association of Minnesota, the Minnesota Dental Association, the Minnesota Psychological Association, the Minnesota Medical Association and the Minnesota Hospital Association. The department will e-mail a copy of the Dual Notice to adopt and a copy of the rules to its distribution list. In addition, copies of the statement of need and reasonableness will be made available to programs upon request.

In addition, the Dual Notice and proposed rules will be available via the Office of Justice Program's homepage found on the Department of Public Safety's website. The internet address for the website is: <http://www.dps.state.mn.us/OJP/>.

This Additional Notice Plan was reviewed by the Office of Administrative Hearings and approved in a May 19, 2006 letter by Administrative Law Judge Bruce H. Johnson.

Pursuant to Minnesota Statutes, section 14.116, the chairs of the legislative policy and budget committees with jurisdiction over this subject matter will be given copies of the request for comments, the dual notice, the statement of need and reasonableness, and the proposed rules. There are no legislators who are still in office who were main authors or supporting authors of H.F. 452 and S.F. 1089 enacting Minnesota Statutes, section 611A.56, subdivision 1, paragraph (b) in 1974.

VII. CONSULT WITH FINANCE ON LOCAL GOVERNMENT IMPACT

As required by Minnesota Statutes, section 14.131, the department has consulted with the Commissioner of Finance. This was done by sending to the Commissioner of Finance copies of the documents sent to the Governor's Office for review and approval by the Governor's Office prior to the Department publishing the Notice of Intent to Adopt. We sent the copies on May 1, 2006. The documents included: the Governor's Office Proposed Rule and SONAR Form; draft rules; and draft SONAR. The Department of Finance sent a letter dated May 9, 2006 stating that the proposed rule revisions will have little, if any, fiscal impact on local units of government.

The board also reviewed the fiscal impact and benefits of the proposed rules on local governments, and found that the proposed rule would have no impact on local governments.

VIII. COST OF COMPLYING FOR SMALL BUSINESS OR CITY

As required by Minnesota Statutes, section 14.127, the Department has considered whether the cost of complying with the proposed rules in the first year after the rules take effect will exceed \$25,000 for any small business or small city. The Department has determined that the cost of complying with the proposed rules in the first year after the rules take effect will not exceed \$25,000 for any small business or small city. The Department has made this determination based on the probable costs of complying with the proposed rule, as described in the Regulatory Analysis section of this SONAR on pages 4 - 6.

IX. LIST OF WITNESSES

If these rules go to a public hearing, the department anticipates having the following witnesses testify in support of the need for and the reasonableness of the rules:

Marie Bibus, Program Director, Minnesota Crime Victims Reparations Board, 445 Minnesota Street, Suite #2300, St. Paul, MN 55101

Raichel Brown, Member, Minnesota Crime Victims Reparations Board, 445 Minnesota Street, Suite #2300, St. Paul, MN 55101

Dr. Phil Eckman, Member, Minnesota Crime Victims Reparations Board, 445 Minnesota Street, Suite #2300, St. Paul, MN 55101

E. Joseph Newton, Legal Counsel, Commissioner's Office, Minnesota Department of Public Safety, 445 Minnesota Street, Suite #1000, St. Paul, Minnesota 55101

Danielle Kitto, Claims Manager, Minnesota Crime Victims Reparations Board, 445 Minnesota Street, Suite #2300, St. Paul, MN 55101

The board will be represented by the Minnesota Attorney General's Office.

X. RULE-BY-RULE ANALYSIS

Minnesota Rule, part 3050.2900 CONTRIBUTORY MISCONDUCT.

Under Minnesota Statute 611A.54 (2) and M.R. 3050.2900, in determining eligibility, the board must assess whether the victim contributed to the crime through any misconduct. Increasingly, the board's cases involve gang and drug activity on the part of both the suspect and the victim. According to the Minnesota Bureau of Criminal Apprehension Crime Reports, during 2004, at least 26 percent of homicides that occurred in Minnesota were related to gangs or drugs, compared to only seven percent in 2003. Of the homicides that occurred in Minneapolis, more than 70 percent had a gang connection. In order to carry out its mission of assisting crime victims

who did not provoke or incite the crime, the board must be able to reduce or deny claims where the victim's involvement in gang or drug activity directly contributed to the crime.

Under the current contributory misconduct rule, the board shall reduce by a minimum of 25 percent any claim on behalf of a person who engaged in any of the following acts: a) used fighting words, obscene or threatening gestures, or other provocation; b) knowingly and willingly rode in a vehicle operated by a person who is under the influence of alcohol or a controlled substance; c) consumed alcohol or other mood altering substances; or d) failed to retreat or withdraw from a situation where an option to do so was readily available. The proposed amendment clarifies the first sentence to include the possibility of a complete denial of a claim. This change is necessary to make the language consistent with Minnesota Statute 611A.54 which states that "reparations shall be denied or reduced to the extent, if any, that the board deems reasonable because of the contributory misconduct of the claimant or of a victim." The board has always had the power to reduce a claim up to a maximum of 100 percent. This change is reasonable because it makes the language easier to understand so claimants are aware that the board may deny the claim in full if the contributory conduct is extremely egregious.

The amendment also expands the definition of contributory misconduct to specifically address drug and gang activity. Under Minnesota Statute 611A.53, Subd. 2, the board has the power to deny a claim if the victim or claimant was in the act of committing a crime at the time the injury occurred. In some cases involving gang and drug activity, it is not clear that the victim was committing a crime at the exact moment of their injury or death, but their involvement in gangs and drugs was a contributing factor to the events leading up to their victimization. In those cases, the board has always considered the drug and/or gang activity to be contributory misconduct under the current definition. This amendment makes it clear what specific type of

misconduct will be considered when applying this rule to such cases. The amendment states that fighting words, obscene or threatening gestures or other provocation includes the use of gang or hate group hand signs, colors, symbols or statements. It also states that being a confirmed member or associate of a gang or hate group is contributory misconduct. The amendment also expands the definition to include consuming a controlled substance, unlawfully possessing a controlled substance or planning, conspiring or attempting to unlawfully use, purchase or sell a controlled substance. A revised definition of contributory misconduct is necessary to specifically address conduct that is related to gang membership and the consumption, possession and sale of illegal drugs.

During the past few years, the board has received an increasing number of claims for crimes that stem from illegal drug and gang activity. The new rules will assist the board in carrying out the legislative intent to distribute reparations to innocent victims of violent crime who were not involved in illegal conduct which directly contributed to their victimization. The board recognizes that the victim's behavior does not justify a violent act, with the exception of self-defense cases. However, in order to carry out the mission of the program, the board must apply a reasonable standard that holds individuals responsible for the choices they make which may aggravate a potentially violent situation. The amendment is reasonable because it will make the new rules easier for service providers to understand and interpret, as they advise crime victims about the coverage available under the Reparations Act.

Minnesota Rule, part 3050.3100 LOSS OF SUPPORT.

The board is responsible for ensuring the fair distribution of funds. An amendment to the board's rules regarding payment of loss of support is necessary to achieve a more equitable system

which helps support the children of deceased victims. Loss of support benefits are currently based on the income of the deceased victim minus amounts paid by the Social Security Administration. Under the current formula, very few claimants qualify for benefits, and those who do qualify are eligible for large amounts payable over a period of many years. If the deceased victim had been gainfully employed prior to the crime, the benefits are high. If the deceased victim was unemployed or underemployed, the family usually does not qualify or payments are very low. This system is inequitable and leaves many families without the assistance they need. For example, in 2004 there were six families who needed assistance due to a homicide, but they did not qualify due to the requirements of the current rule. Only two new claimants qualified for loss of support under the current formula and each was entitled to benefits of over \$20,000. The current system is also inequitable because there is a large range in the amounts paid to each claimant. For example, the range in the size of monthly payments for children is \$8.73 per month up to \$688 per month. There are sometimes absurd results under the current rule because families who need the most help receive nothing, and those who are least needy receive large awards.

The amendment is also necessary because the current system is extremely costly. Under the existing rules, dependent children are eligible until the child turns 18 years old, and dependent spouses are eligible until the maximum claim amount is paid, as long as they meet an income needs test. This results in an accumulating caseload and continual increases in the cost of loss of support payments. The total amount of loss of support benefits paid by the board from 1/1/2000 to 12/31/2005 was \$959,749. The board's annual payments for loss of support increased from \$118,304 in 2004 to \$206,749 in 2005. The board does not have sufficient funding to sustain the increasing loss of support payments which result from the current method of calculating benefits.

Under the new rule, the benefits will no longer be based on the deceased's income. Instead, the board will pay an equal rate per month for each surviving dependent of a homicide victim. No deduction will be made for social security benefits. The payments would be made for a period of three years after the death. The amount of the monthly payment for claimants will be set by the board at the beginning of each fiscal year based on its budget and factors such as the average monthly child support payment in Minnesota. For example, in 2004, the average child support payment in Minnesota as reported by the Minnesota Department of Human Services was \$245 per month. Under the proposed formula, if adequate funds are available, during the following year, the board would pay all surviving spouses and children on eligible claims at a rate of \$245 per month per dependent. If adequate funds are not available in the board's budget, the board may pay at a lower rate per month. This is reasonable because the courts adjust child support payments every two years for cost-of-living adjustments based on the Consumer Price Index, and using the average child support payment would provide the board with an objective way to account for inflation and increases in the cost-of living.

There are several benefits to this proposal. First, it would result in more children receiving financial assistance due to the death of a parent. It would also be a more fair system since an equal amount would be paid on all claims regardless of the parent's income. Those families who are most in need of assistance will receive financial help. In addition, the amendment is reasonable because it provides an objective means of determining the monthly amount of loss of support by basing it on the average child support order.

The cost of paying loss of support to a larger number of dependents is compensated for by paying a relatively low monthly amount and ending benefits after a three year period. This is consistent with Minnesota Statutes 611A.52, Subd. 8 which requires that claims for loss of support

be paid for three years or until the child reaches 18 years old, whichever is the shorter period. After three years, the law allows board staff to reevaluate the claim giving consideration to the child or spouse's financial need and to the availability of funds to the board. Amending the rule would provide the board with the ability to respond to changes in the level of funds available in the board's budget. The new language is similar to the current language in the rules for funeral expense limits and mental health expense limits. It is also similar to the approach used by other state compensation programs such as California and Florida.

Minnesota Rule, part 3050.3400 SECONDARY VICTIMS.

The board has received several requests from family members of homicide or drunk driving crash victims, such as the siblings of a deceased victim, seeking payment for ongoing counseling due to the long term impact of suddenly losing a family member in such a traumatic way. The board's current rule sets a limit of 20 counseling sessions for some secondary victims such as a grandparent, sibling, adult child, or a person who discovered a body or witnessed the crime. In the year 2000, the rule was amended to allow for exceptions if the board finds there is credible medical evidence showing that the secondary victim may suffer serious, life threatening emotional injury without additional mental health treatment. However, in many cases, the board has found that although the situation is not specifically life threatening, the claimant's condition is extremely serious and additional treatment would be beneficial to the claimant. Often times, a secondary victim may have had an extremely close relationship to the deceased victim. As a result of the close relationship, or for other reasons, the secondary victim may have sustained emotional harm that simply necessitates more than 20 counseling sessions. The amendment is reasonable because the board needs additional flexibility in order to meet its objective of providing reparations benefits in a compassionate manner.

The amendment eliminates the cap on the number of sessions. The amendment is reasonable because there are often cases where the secondary victim may experience severe depression, and long-term treatment is necessary. The amendment will help the board further its mission to minimize the financial impact of violent crime on victims and their families.

Minnesota Rule, part 3050.3600 HOUSEHOLD SERVICES.

The board has received several questionable claims for payment of household services performed by friends or acquaintances of the claimant. The current rule prohibits payment for household services performed by a family or household member but does not specify any additional requirements for the provider. The amendment adds that household services must be performed by a licensed professional. This rule is necessary to give the board the authority to deny payment for services that do not meet professional standards. This rule is reasonable because it will ensure that the board is only paying for quality services for victims, and will prevent fraudulent applications from being paid. It is further reasonable because it still allows for such services and does not deprive victims of household services.

Minnesota Rule part 3050.3700 COST CEILING ON HOSPITAL AND PHYSICIAN AND DENTAL AND MENTAL HEALTH EXPENSES.

Currently, under this rule, the board pays a percentage of a victim's hospital and physician expenses after payment by other sources. At the beginning of each fiscal year, the board determines the percentage it will pay. The claim is calculated by applying that percentage to the total bill. Providers must accept the reduced payment as payment in full. Under the existing rule, it is not clear whether or not the reduced rate may apply to mental health care and dental care. The

proposed amendment clarifies the rule and specifically states that mental health and dental expenses may be paid at a reduced rate, just like hospital and physician expenses.

This approach to payment of mental health and dental treatment is necessary to provide a more uniform method which is consistent with insurance practices. Within the past few years, the medical industry has adopted more uniform methods of billing for expenses, including standardized forms and coding. These uniform methods are also being used by clinics that provide mental health and dental services. This amendment is reasonable because it allows a more consistent approach to the payment of expenses submitted to the board by providers regardless of whether the bill is for medical, dental or mental health services.

The amendment is also necessary to clarify that any discounts available pursuant to agreements between the provider and insurers, health maintenance organizations, or other federal, state or local government agencies must be applied to a reparations claimant's bill. This is necessary because providers have been billing the board at the full rate for services, rather than the reduced rate that the patient should be entitled to receive pursuant to various programs, agreements, and contracts.

In addition, according to the Minnesota Attorney General's Office 2005 report entitled Charity Care and Collections Practices, hospitals and clinics have substantially raised retail prices for services. HMOs, insurers and larger government programs such as Medical Assistance have negotiated steep discounts off of the retail price. However, uninsured patients are charged the full rate. As a result, the Attorney General negotiated agreements with several Minnesota hospitals. Pursuant to these agreements, uninsured patients may only be charged the rates which the hospital

charges patients with insurance. This amendment will ensure that reparations claimants are not disqualified from any programs or agreements offering discounted rates.

The reparations board is a reimbursement program which assists victims with their remaining out-of-pocket expenses after all other collateral resources have been used. This amendment is necessary to clarify that reparations claimants are eligible for self-pay discounts and providers may only submit a bill to the board for the discounted amount. Any reductions made by the board under this rule will be applied to the balance remaining after any self-pay discounts that the claimant may be entitled to receive from a provider. This is reasonable because the board makes payments on behalf of victims, and the board is not in a position to negotiate any contractual rates with providers.

Minnesota Rule, part 3050.3750 FUNERAL RATE LIMITS.

The board has received many requests from families of victims of homicide to allow them to use part of their funeral benefit to pay for transportation and lodging for family members who need to travel to Minnesota to attend the victim's funeral. The board would like to meet the needs of these families so that funeral services can be held in a manner that allows family members to be present. The board's rule currently allows the claimant to use up to \$1000 of the maximum funeral benefit to pay for airfare or other transportation for family members to attend the funeral, but does not specifically allow the board to pay for lodging costs. The amendment simply adds lodging as an optional expense. The amendment is reasonable because lodging is often part of the cost for family members who travel long distances to attend the funeral of a victim.

Minnesota Rule, part 3050.3750 MENTAL HEALTH AND MEDICAL TREATMENT RATE LIMITS.

During the past few years, the cost of medical expenses for the board has increased dramatically. In 2001, the program spent \$1,080,247 or 36 percent of its budget on medical expenses. In 2004, the board spent \$1,848,285 or 51 percent of its expenditures on medical care for victims. The monthly cost of medical expenses in fiscal year 2004 was \$115,173 per month. In fiscal year 2005, the cost soared to \$171,365 per month. Dental expenses are a significant portion of medical expenses, costing nearly \$100,000 annually.

The current rule allows the board to set a maximum for the claimant's total accumulated expenses for outpatient counseling, but does not allow the board to set a maximum amount for medical or dental care. The amendment clarifies the rule so that it also can be applied to medical and dental expenses as well. This is reasonable because it gives the board flexibility to address increases in the cost of medical care. In addition, victims often receive a combination of medical, dental and mental health care to treat their injuries, and this amendment allows a more consistent approach to all types of expenses. This enables the board to ensure that expenses paid are reasonable and appropriate.

XI. LIST OF EXHIBITS

The Department will enter exhibits necessary to support the rules.

XII. CONCLUSION

Based on the foregoing, the proposed rules are both needed and reasonable.

7/17/06

Date

Marie Bibus

Marie Bibus

Program Director, Crime Victims Reparations Board