

make a preliminary survey to determine the feasibility of the proposed system, but may instead utilize a feasibility study prepared by the Minnesota pollution control agency or other appropriate preliminary engineering report.

Sec. 2. This act is effective upon its approval by the board of county commissioners of the county of Chisago, and upon compliance with the provisions of Minnesota Statutes, Section 645.021.

Approved March 27, 1974.

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**CHAPTER 283—S.F.No.2878**

*An act relating to intoxicating liquor; authorizing wine research by higher educational institutions; amending Minnesota Statutes 1971, Section 340.11, Subdivision 1.*

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

Section 1. Minnesota Statutes 1971, Section 340.11, Subdivision 1, is amended to read:

**340.11 INTOXICATING LIQUOR; WINE RESEARCH; LICENSES.**  
**Subdivision 1. PROHIBITIONS.** It shall be unlawful for any person, directly or indirectly, upon any pretense or by any device, to manufacture, import, sell, exchange, barter, dispose of, or keep for sale any intoxicating liquor without first having obtained a license therefor. Sales, however, may be made without a license, as authorized by subdivision 15. Nothing herein shall prohibit the natural fermentation of fruit juices in the home for family use, or by an institution of higher education for scientific, experimental or educational purposes only.

Approved March 27, 1974.

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**CHAPTER 284—S.F.No.2971**

*An act relating to health maintenance organizations; regulating the details of operation; amending Minnesota Statutes, 1973 Supplement, Sections 62D.02, Subdivision 7; 62D.06, Subdivision 1; 62D.08, Subdivision 2; 62D.10, Subdivisions 2 and 4; 62D.11, Subdivision 1; 62D.12, Subdivisions 4 and 9; 62D.22, Subdivision 8; and 62D.28, Subdivision 3.*

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

Section 1. Minnesota Statutes, 1973 Supplement, Section 62D.02,  
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Subdivision 7, is amended to read:

Subd. 7. **HEALTH MAINTENANCE ORGANIZATIONS; OPERATION.** "Comprehensive health maintenance services" means a set of comprehensive health services which the enrollees might reasonably require to be maintained in good health including as a minimum, but not limited to, emergency care, inpatient hospital and physician care, outpatient ~~medical~~-health services and preventive ~~medical~~-health services.

Sec. 2. Minnesota Statutes, 1973 Supplement, Section 62D.08, Subdivision 2, is amended to read:

Subd. 2. Every health maintenance organization shall annually, on or before ~~March~~-April 1, file a verified report with the board and to the commissioner covering the preceding calendar year.

Sec. 3. Minnesota Statutes, 1973 Supplement, Section 62D.10, Subdivision 2, is amended to read:

Subd. 2. Once a health plan has been in operation 24 months, it shall thereafter have an annual open enrollment period of at least one month during which it shall accept enrollees up to a minimum of five percent of its current enrollment, exclusive of enrollees in group plans, in the order in which they apply for enrollment. A health plan may require a pre-enrollment physical examination and may impose reasonable underwriting restrictions.

Sec. 4. Minnesota Statutes, 1973 Supplement, Section 62D.10, Subdivision 4, is amended to read:

Subd. 4. A health plan may apply to the ~~commissioner~~ board for a waiver of the requirements of this section or for authorization to impose such underwriting restrictions upon open enrollment as are necessary (a) to preserve its financial stability, (b) to prevent excessive adverse selection by prospective enrollees, or (c) to avoid unreasonably high or unmarketable charges for enrollee coverage for health care services. The ~~commissioner-board~~ upon a showing of good cause, shall approve or upon failure to show good cause shall deny such application within 30 days of the receipt thereof from the health plan. The ~~commissioner-board~~ may, in accordance with chapter 15, promulgate rules to implement this section.

Sec. 5. Minnesota Statutes, 1973 Supplement, Section 62D.11, Subdivision 1, is amended to read:

**62D.11 COMPLAINT SYSTEM.** Subdivision 1. Every health maintenance organization shall establish and maintain a complaint system including an impartial arbitration provision, to provide reasonable procedures for the resolution of written complaints initiated by enrollees concerning the provision of health care services. Arbitration shall be

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subject to chapter 572, except (a) in the event that an enrollee elects to litigate his complaint prior to submission to arbitration, and (b) no medical malpractice damage claim shall be subject to arbitration unless agreed to by both parties subsequent to the event giving rise to the claim .

Sec. 6. Minnesota Statutes, 1973 Supplement, Section 62D.22, Subdivision 8, is amended to read:

Subd. 8. All agents, solicitors, and brokers engaged in soliciting or dealing with enrollees or prospective enrollees of a health maintenance organization, whether employees or under contract to the health maintenance organization, shall be subject to the provisions of section 60A.17, concerning the licensure of health insurance agents, solicitors, and brokers, and lawful regulations thereunder. Medical doctors and others who merely explain the operation of health maintenance organizations shall be exempt from the provisions of section 60A.17. Section 60A.17, subdivision 2, clause (2) shall not apply except as to provide for an examination of ~~our~~an applicant in his knowledge concerning the operations and benefits of health maintenance organizations and related insurance matters .

Sec. 7. Minnesota Statutes, 1973 Supplement, Section 62D.28, Subdivision 3, is amended to read:

Subd. 3. The planning organization seeking financial assistance must be a Minnesota nonprofit corporation having a board of directors with a majority composed of health care consumers from the proposed service area, but with additional representation of existing health interests in the area including health providers.

The organization shall ~~assume responsibility~~ cooperate with any area wide comprehensive health planning agency established pursuant to Minnesota Statutes, Section 145.72, Subdivision 5, and with other health care providers in the proposed area to be served by the organization in programs or studies for:

(a) Determining and assessing the ongoing health needs of the community, formulating a program to meet such needs, including, but not limited to, an identification of private and public funds which may be available for this purpose;

(b) Coordinating existing health activities where appropriate, and establishing better utilization of existing health facilities, programs, and services, with particular emphasis on health manpower training projects in the area including those for local community residents;

(c) Laying the foundation for a community health maintenance organization; and

(d) Promoting development and expansion of preventive and am-  
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bulatory, outpatient services with the objective of replacing crisis medicine with an integrated, comprehensive system of health care.

Sec. 8. Minnesota Statutes, 1973 Supplement, Section 62D.12, Subdivision 4, is amended to read:

Subd. 4. No health maintenance contract or evidence of coverage shall provide for the reimbursement of an enrollee other than through a policy of insurance, except to refund payments made by or on behalf of an enrollee ; or, with the prior approval of the board, payments to enrollees for obligations incurred for non-elective emergency or out-of-area services received; or with prior approval, direct payments to providers for out-of-area, non-elective emergency or referral medical, hospital, or other health services rendered to enrollees .

Sec. 9. Minnesota Statutes, 1973 Supplement, Section 62D.12, Subdivision 9, is amended to read:

Subd. 9. No health maintenance organization shall provide for the payment, whether directly or indirectly, of any part of its net earnings, to any person as a dividend or rebate; provided, however, that authorized expenses of a health maintenance organization shall include:

(a) cash rebates to enrollees, or to persons who have made payments on behalf of enrollees ; or, when approved by the board as provided in section 62D.12, subdivision 4, direct payments to enrollees for obligations incurred for non-elective emergency or out-of-area services received; or, with prior approval, direct payments to providers for out-of-area, non-elective emergency or referral medical, hospital, or other health services rendered to enrollees ;

(b) free or reduced cost health service to enrollees; or

(c) payments to providers or other persons based upon the efficient provision of services or as incentives to provide quality care. All net earnings shall be devoted to the nonprofit purposes of the health maintenance organization in providing comprehensive health care. The board shall, pursuant to sections 62D.01 to 62D.29, revoke the certificate of authority of any health maintenance organization in violation of this subdivision.

Sec. 10. Minnesota Statutes, 1973 Supplement, Section 62D.06, Subdivision 1, is amended to read:

62D.06 **GOVERNING BODY.** Subdivision 1. The governing body of any health maintenance organization may include enrollees, providers, or other individuals; provided, however, that after a health maintenance organization has been authorized under sections 62D.01 to 62D.29 for one year, at least 40 percent of the governing body shall be composed of consumers elected by the enrollees from among the enrollees.

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Approved March 27, 1974.

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**CHAPTER 285—S.F.No.2977**  
**[Not Coded]**

*An act relating to the city of Minneapolis; authorizing housing and rehabilitation loan and grant program; providing for the issuance of limited general obligation bonds.*

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

**Section 1. MINNEAPOLIS, CITY OF; HOUSING AND REHABILITATION LOAN AND GRANT PROGRAM; PURPOSE.** The legislature of the state of Minnesota finds that preservation of the quality of life in a major metropolitan city is dependent upon the preservation of adequate housing, that many houses in the city of Minneapolis do not meet the applicable housing code, that there is a need for a comprehensive housing rehabilitation program in the city of Minneapolis which will complement any statewide housing rehabilitation program, that some home owners are unable to afford any rehabilitation expenses, that many home owners are unable to afford housing rehabilitation loans at market rate of interest, and that because the availability of mortgage credit for housing rehabilitation is limited some home owners cannot obtain such credit.

**Sec. 2. CITY OF MINNEAPOLIS; HOUSING REHABILITATION LOAN PROGRAM.** The city of Minneapolis is authorized to develop and administer a housing rehabilitation loan program with respect to property located anywhere within its boundaries on such terms and conditions as it determines; provided that in approving applications for this program, the following factors shall be considered:

- (1) The availability of other governmental programs affordable by the applicant;
- (2) The availability and affordability of private market financing;
- (3) Whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;
- (4) Whether the housing is required, pursuant to a court order issued under Minnesota Statutes, 1973 Supplement, Section 566.25, Clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;
- (5) Whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of

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