



# Commerce Department's Oversight of Insurance Fraud

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	The Department of Commerce's Enforcement Division protects consumers by investigating complaints on unfair, deceptive, or fraudulent practices in 23 industries—including insurance and financial institutions. When it uncovers illegal activity, the division can take administrative actions or work with others to pursue criminal charges.
<b>Evaluation Questions</b>	What proactive measures does the Department of Commerce take pertaining to insurance rates and underwriting factors? In what cases does the department initiate an investigation, and what direction does the department give when a request to investigate does not fall under its purview? To what extent are parties provided due process in an investigation?
<b>State Resources</b> <i>Low</i>	For the 2020-2021 biennium, estimated expenditures for the Enforcement Division were \$27.8 million.
<b>State Control</b> <i>High</i>	<i>Minnesota Statutes 2020, 45.0135</i> , authorizes the department to establish a "Commerce Fraud Bureau," which is part of the department's Enforcement Division. Statutes delineate the bureau's jurisdiction and duties and set up a special revenue fund for the bureau, paid with assessments on insurers that sell insurance in the state.
<b>Impact</b> <i>Medium</i>	In 2019, more than 3,200 cases were referred to the Commerce Fraud Bureau for investigation, a reported 13 percent increase over the prior year. While the number of cases is small relative to statewide population, uncovering fraud potentially has a broader impact on protecting more Minnesotans from being defrauded.
<b>Timeliness</b> <i>Medium</i>	An evaluation could be useful but does not appear urgent.
<b>Feasibility</b> <i>High</i>	OLA could conduct the evaluation using standard research practices, such as case file reviews and data analyses.
<b>Balance</b> <i>Medium-High</i>	OLA last evaluated insurance regulation by the Department of Commerce in 1986. The department may have ancillary roles in either of two other topics: Energy Grid and Petroleum Remediation Program.
<b>Discussion</b> <i>Potentially useful but not urgent</i>	An evaluation could provide useful information on the department's investigations and their outcomes; however, there appears to be no compelling reason to conduct an evaluation this year.



# DHS Direct Care and Treatment

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	The Minnesota Department of Human Services (DHS) operates residential facilities that provide direct care and treatment to individuals with mental illness, chemical dependency, developmental disabilities, traumatic brain injuries, or civil commitments for sex offenses. The DHS facilities range in size from group homes for a few individuals to a facility with a licensed capacity of 550 (Minnesota Sex Offender Program (MSOP), Moose Lake).
<b>Evaluation Questions</b>	Do DHS's largest facilities—MSH, MSOP, and AMRTC—have adequate staffing in terms of numbers and skill-levels to operate effective programs for clients and maintain safe environments for clients and staff? How often have there been staff or patient injuries at these facilities, and has staffing been a factor in the injury rates?
<b>State Resources</b> <i>High</i>	Revenues for MSH, MSOP, and AMRTC in Fiscal Year 2021 totaled more than \$260 million. State appropriations account for most of these revenues, but state laws specify that counties are responsible for portions of the costs of their residents placed at these facilities.
<b>State Control</b> <i>High</i>	All of DHS's facilities are managed and operated by DHS employees, and the facilities are also state-licensed.
<b>Impact</b> <i>Medium</i>	As of April 2021, fewer than 1,800 individuals resided in DHS facilities. However, residential treatment facilities can have a significant impact on the lives of the people they serve. In addition, secure DHS facilities help to ensure the safety of the public from individuals who have been deemed dangerous by the courts.
<b>Timeliness</b> <i>High</i>	Twenty-five legislators requested an evaluation of DHS Direct Care and Treatment, which suggests that there are unanswered questions that merit attention.
<b>Feasibility</b> <i>Medium</i>	This evaluation can be feasible if its scope is narrowed. OLA is proposing to focus on staffing and safety issues in the three largest DHS facilities, rather than looking at all DHS Direct Care and Treatment operations and expenditures. Even a narrower evaluation may be challenging, given (1) the size and complexity of the facilities and (2) the difficulty of assessing the "right" number of staff in a facility.
<b>Balance</b> <i>Medium</i>	OLA last evaluated DHS's state-operated facilities in a 2013 report. Another topic being considered relates to discharges of individuals from the Minnesota Security Hospital, which is also one of the facilities we would examine in an evaluation of DHS Direct Care and Treatment.
<b>Discussion</b> <i>Can be feasible with a narrowed scope</i>	It would probably not make sense to select both the DHS Direct Care and Treatment topic and the topic about discharges from the Minnesota Security Hospital. There appears to be considerable legislative interest in an evaluation of DHS Direct Care and Treatment, although the scope of this topic merits further discussion.



# Discharges from Minnesota Security Hospital

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	The Minnesota Department of Human Services (DHS) operates the Minnesota Security Hospital (MSH) in St. Peter, largely to treat and assess individuals committed by a court as “mentally ill and dangerous.” The courts make such commitments for unspecified periods, without periodic judicial review. Persons may be provisionally discharged from MSH only after a favorable recommendation from a three-person “Special Review Board” (appointed by the DHS commissioner) and approval by the commissioner.
<b>Evaluation Questions</b>	How frequently does the Special Review Board recommend discharge of residents from the Minnesota Security Hospital, and on what basis does it make its recommendations? Do the board members have appropriate backgrounds and training for this task? To what extent has the DHS commissioner followed the board’s recommendations regarding discharge? How have residents fared following discharge?
<b>State Resources</b> <i>High</i>	In Fiscal Year 2021, revenues for the Minnesota State Hospital totaled \$110 million, mostly from state appropriations. For most MSH residents, home counties pay 10 percent of the daily cost of care. For residents in a “transitional services” program preparing for possible discharge, home counties pay 50 percent of the cost of care.
<b>State Control</b> <i>High</i>	The Minnesota Security Hospital is a state-run facility established by state law and operated in accordance with DHS policies.
<b>Impact</b> <i>Medium</i>	A total of 379 individuals resided at MSH in April 2021. This is a small share of Minnesota’s population, but discharge decisions can have a significant effect on the individuals committed to MSH and their families, as well as persons in the communities to which they are discharged.
<b>Timeliness</b> <i>Medium</i>	This topic could be examined at any time. OLA is not aware of incidents or decisions that make this topic more compelling now than it would be at another time.
<b>Feasibility</b> <i>Medium</i>	This evaluation would be feasible with traditional OLA methods, such as interviews and examination of Special Review Board documents. If OLA were to examine residents’ post-discharge experiences, it might examine state data on individuals’ criminal records and survey a sample of discharged residents’ county case managers.
<b>Balance</b> <i>Medium</i>	Another topic being considered would examine staffing and safety at DHS-operated facilities, including MSH. For purposes of balance, both topics should not be selected for evaluation during 2021.
<b>Discussion</b> <i>Feasible but not pressing</i>	Several family members of MSH residents requested an OLA evaluation of this topic due to their concerns that the Special Review Board may be denying too many petitions for discharge. Because some legislators questioned whether MSH residents have been released too soon, OLA has proposed looking at the entire discharge process and its impact.



# MDE's Role in Addressing the Achievement Gap

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	According to a recent study by the Federal Reserve Bank of Minneapolis, Minnesota has some of the nation's largest measurable differences in educational achievement across student race and ethnicity. Statutes require the Minnesota Department of Education (MDE) to administer programs that could address this gap, including the World's Best Workforce and Achievement and Integration programs.
<b>Evaluation Questions</b>	To what extent does state law require MDE to address and assess the achievement gap, and is MDE in compliance with these laws? What measures of effectiveness are used to determine whether MDE is successful in assisting schools or families with reducing the achievement gap?
<b>State Resources</b> <i>Medium</i>	MDE administers the state's K-12 school finance system, and some state funding focuses on closing the achievement gap. For example, the Legislature appropriated about \$82 million for the Achievement and Integration program for Fiscal Year 2020. The Legislature established this program to reduce academic disparities based on students' race and ethnicity, among other things.
<b>State Control</b> <i>High</i>	Statutes and administrative rules specify MDE's oversight responsibilities for state programs that could be used to address the achievement gap.
<b>Impact</b> <i>High</i>	The achievement gap could negatively affect individuals and society, as students may miss out on career and economic opportunities they may have had if there had been no gap. In turn, society may miss out on the larger contributions they might have made.
<b>Timeliness</b> <i>High</i>	There has been significant legislative and public interest related to the state's achievement gap in recent years, and concerns more recently about the long-term effects of the COVID-19 pandemic on student achievement.
<b>Feasibility</b> <i>High</i>	We would use standard evaluation techniques, including interviews, quantitative analyses, and surveys, to evaluate this topic.
<b>Balance</b> <i>Medium</i>	One other topic on the list involves K-12 education: School Nursing Services. While OLA has not previously evaluated MDE's role in addressing the achievement gap, OLA released an evaluation of standardized student testing—a related topic—in 2017.
<b>Discussion</b> <i>Timely evaluation with high impact</i>	Understanding MDE's role regarding the achievement gap is an important step toward the state addressing this persistent concern. Given the interest in this topic, it could be a good time for OLA to evaluate MDE's role in addressing the achievement gap.



# Medical Emergency Ambulance Services

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	Under state law, the Emergency Medical Services Regulatory Board (EMSRB) licenses various types of ambulance services that operate in Minnesota. The board also designates the primary service area(s) for each licensed ambulance service. The law requires EMSRB to establish an emergency medical systems services fund and distribute funds equally across eight regions of the state. EMSRB is the lead agency for certifying emergency medical services personnel, inspecting ambulance services, approving EMS education programs, and investigating complaints about EMS personnel and entities.
<b>Evaluation Questions</b>	To what extent do all areas of the state have adequate and equitable access to service? How do the costs of ambulance services vary around the state, and who pays for these services? Does the EMSRB provide adequate oversight and governance of the state's emergency ambulance services?
<b>State Resources</b> <i>Low</i>	EMSRB's actual expenditures in Fiscal Year 2020 (mostly from state funds) totaled about \$4.5 million.
<b>State Control</b> <i>High</i>	State law authorizes EMSRB to adopt rules in various categories to regulate ambulance services. Local units of government may establish additional regulatory standards, but only with the approval of EMSRB.
<b>Impact</b> <i>High</i>	Ambulance services can have life-or-death impacts on individuals throughout the state.
<b>Timeliness</b> <i>Medium</i>	Under bills introduced in the House and Senate in 2021, an Emergency Medical Services Task Force would have addressed how to improve emergency medical services, possible changes in the education or training of ambulance services personnel, and how to coordinate ambulance services with hospitals' needs. The bills did not receive hearings, but they indicate some legislative concern about these services.
<b>Feasibility</b> <i>High</i>	This evaluation could be conducted with standard evaluation methods, such as interviews, data analysis, and perhaps surveys.
<b>Balance</b> <i>Medium</i>	This topic is very closely related to the EMSRB topic also being considered. The Medical Emergency Ambulance Services topic would more directly address the statewide provision of ambulance services, while the EMSRB topic would focus more on management issues in that agency.
<b>Discussion</b> <i>Independent review would be useful</i>	This topic would be feasible and timely. OLA will likely be conducting a financial audit of EMSRB in 2021. Given this, it might be preferable to select a topic that focuses more on the services EMSRB regulates than on the agency itself, even though either evaluation would require OLA to obtain EMSRB data and examine EMSRB functions.



# Minnesota's Energy Reliability and Resiliency

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	The Public Utilities Commission (PUC) oversees energy production and distribution in Minnesota, regulating utility rates and approving plans for new energy infrastructure. The commission, in conjunction with federal regulators and regional organizations, regulates both the “electrical grid”—consisting of electric generating facilities and systems of power lines used to transport and distribute the electricity—and the separate system of natural gas pipelines and local distribution companies.
<b>Evaluation Questions</b>	What actions has PUC taken to ensure that Minnesota is prepared for external threats to its systems of energy production, transmission, and delivery to customers from all energy sources?
<b>State Resources</b> <i>Low</i>	The costs of energy production, transmission, and delivery are borne by rate-paying utility customers, rather than the state of Minnesota directly. During fiscal years 2020 and 2021, PUC’s total annual General Fund budget was approximately \$7.8 million.
<b>State Control</b> <i>Medium</i>	Utility providers are state regulated; PUC has full control over whether providers can raise their rates or build new facilities. However, federal regulators and regional organizations are heavily involved in energy transmission.
<b>Impact</b> <i>High</i>	Virtually all Minnesotans rely on energy providers in some way, whether to power and heat their homes and businesses, or to produce and transport goods.
<b>Timeliness</b> <i>Medium-High</i>	Interest in the reliability of Minnesota’s energy systems may be elevated due to the catastrophic power failures in Texas this past winter.
<b>Feasibility</b> <i>Medium</i>	OLA could use standard evaluation techniques—such as interviews, data analysis, and file reviews—to evaluate certain PUC functions. Energy production and distribution is a highly technical topic, however; OLA may not have the expertise to assess risks to Minnesota’s energy supply and the state’s plans to address them.
<b>Balance</b> <i>Medium</i>	OLA last evaluated an energy-related topic in 2010 ( <i>Renewable Energy Development Fund</i> ). OLA evaluated a different aspect of the Public Utilities Commission’s work in 2020 ( <i>Public Utilities Commission’s Public Participation Processes</i> ). This evaluation may also involve the Department of Commerce, which is responsible for another topic still under consideration (Commerce Department’s Real Estate and Insurance Enforcement Divisions).
<b>Discussion</b> <i>Broad topic may need scoping</i>	This is a broad topic that may require additional scoping, especially regarding the extent to which an evaluation could address the reliability and resiliency of alternative energy sources.



# Petroleum Remediation Program

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	The Minnesota Pollution Control Agency (MPCA) administers the Petroleum Remediation Program, which protects human health and the environment by investigating and evaluating risks from petroleum tank releases. The agency takes (or requires responsible parties to take) corrective action that it deems necessary to protect groundwater, surface water, soil, and human health from leaking petroleum or petroleum vapors. Up to 90 percent of the cleanup costs incurred by responsible parties may be reimbursed by the state's "Petrofund," administered by the Department of Commerce.
<b>Evaluation Questions</b>	To what extent has MPCA's Petroleum Remediation Program accomplished its goals? Does MPCA have adequate policies and practices for assessing risks at contaminated sites, conducting cleanup, and evaluating the cleanup completed by other responsible parties?
<b>State Resources</b> <i>Low</i>	The Petroleum Reimbursement Program costs roughly \$12 million annually. Just over one-half of the funding supports program staff, while the rest covers up to 90 percent of clean-up expenses incurred by responsible parties.
<b>State Control</b> <i>High</i>	State law authorizes MPCA to undertake corrective action (or require action of the responsible party), in the event of a petroleum tank release.
<b>Impact</b> <i>High</i>	There are more than 27,000 tank sites (each of which contains one or more registered tank) located around the state of Minnesota. Leaks from those tanks pose a health risk to residents in all corners of the state.
<b>Timeliness</b> <i>Medium</i>	MPCA's Petroleum Remediation Program is an established program, which has never received OLA scrutiny. However, there is no particular reason to evaluate the program at this time.
<b>Feasibility</b> <i>High</i>	An evaluation of the Petroleum Remediation Program is feasible using standard evaluation techniques, including interviews, data analyses, and file reviews.
<b>Balance</b> <i>High</i>	OLA has never evaluated MPCA's role in petroleum remediation (though it did evaluate the Department of Commerce's administration of the Petrofund in 1993). OLA evaluated other activities at MPCA in 2017 ( <i>Clean Water Fund Outcomes</i> ). This year's list of possible evaluation topics does not contain any other topics related to the environment.
<b>Discussion</b> <i>Useful and feasible if narrowly scoped</i>	It has been a long time since OLA evaluated petroleum remediation, and an evaluation has the potential to be useful. If focused on MPCA's program administration (rather than including the Department of Commerce's administration of Petrofund reimbursements), this could be a feasible, useful, and narrowly scoped evaluation.



# Problem Gambling

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	A 2020 report published by the Department of Human Services (DHS) indicated that about 56,000 adult Minnesotans have a gambling problem, and an additional 162,000 adults are at-risk gamblers. To address problem gambling, DHS administers a statewide helpline, pays for residential and nonresidential treatment services, and funds public awareness campaigns, among other things. Additionally, Northstar Problem Gambling Alliance, a nonprofit organization, receives state funds to conduct public awareness campaigns, provide training for professionals, and conduct research related to problem gambling.
<b>Evaluation Questions</b>	What does the state do to address problem gambling, and are the state's efforts coordinated? How successful have Minnesota's efforts been at addressing the needs of individuals with a gambling problem?
<b>State Resources</b> <i>Low</i>	A portion of state gambling tax revenue and lottery proceeds are used to fund DHS's activities related to problem gambling. In Fiscal Year 2020, DHS spent over \$2 million to administer its problem gambling program. The Legislature appropriated \$225,000 for the Northstar Problem Gambling Alliance for Fiscal Year 2020.
<b>State Control</b> <i>High</i>	Minnesota statutes require the commissioner of DHS to establish a problem gambling program.
<b>Impact</b> <i>Medium</i>	According to DHS, approximately 700 people per year seek outpatient treatment services for problem gambling, and approximately 180 people receive residential treatment each year. Several hundred individuals contact the state helpline each year. While this is a small number of people, problem gambling can have a large negative impact on the health and finances of individuals and their families.
<b>Timeliness</b> <i>Medium</i>	The Legislature established the state's problem gambling program over 30 years ago and OLA has not evaluated the program. However, an evaluation does not appear urgent.
<b>Feasibility</b> <i>High</i>	This topic can be evaluated using standard evaluation techniques, including document reviews, interviews, and quantitative analysis.
<b>Balance</b> <i>Medium</i>	Two other topics on the list involve DHS: (1) DHS Programs for Direct Care and Treatment and (2) Discharges from Minnesota Security Hospital in St. Peter.
<b>Discussion</b> <i>Feasible evaluation but not urgent</i>	Problem gambling is a good topic for evaluation, but it is not urgent. This program could be evaluated in a future year.





# School Health Services

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	State law requires school districts to provide services to “promote the health” of their pupils. Districts with at least 1,000 students must use one or more of three methods: (1) employ at least one licensed school nurse; (2) contract for personnel who are certified public health nurses; or (3) use an arrangement approved by the state’s commissioner of education. According to the School Nurse Organization of Minnesota, data do not exist on methods that districts use and whether they are successful.
<b>Evaluation Questions</b>	How do the accessibility and quality of health services compare between school districts with licensed school nurses and districts with other arrangements? How do they compare with smaller districts, which are not required to employ a licensed school nurse or contract with a public or private health organization? To what extent does the Minnesota Department of Education provide oversight of school districts’ health services for students?
<b>State Resources</b> <i>Low</i>	Statutes do not provide for state aid to school districts specifically for school nurses but do authorize districts to levy property taxes to pay for licensed school nurses. However, House language in the 2021 Omnibus Education Finance bill would provide limited state aid to districts for hiring new student-support services personnel, including school nurses.
<b>State Control</b> <i>Medium</i>	Although statutes require school districts to provide services to promote students’ health, the districts decide locally how to meet this mandate.
<b>Impact</b> <i>High</i>	Public schools enrolled an estimated 880,000 students for the 2020-2021 school year. In the 2018-2019 school year (the most recent data available), school districts statewide employed 527 full-time-equivalent licensed nurses.
<b>Timeliness</b> <i>Medium</i>	An evaluation does not appear urgent, but it could be beneficial.
<b>Feasibility</b> <i>Medium-Low</i>	While school districts report health-services expenditures to the Minnesota Department of Education, they do not report student health data or the extent of their services. Such data would have to come from individual school districts, which may or may not have comparable data. Further, statutes do not define “quality” health services.
<b>Balance</b> <i>Medium</i>	Among the 15 preliminary topics, this is one of two related to E-12 education. OLA has not previously evaluated school health services.
<b>Discussion</b> <i>Useful study but possible data issues</i>	This could be a useful topic, but relying on locally generated data presents concerns about missing data or nonuniform data among school districts. Additional scoping may be needed to determine whether certain services, such as school mental health services, should be included in this evaluation.



# Unemployment Insurance Fraud

## Topic Selection Background Information

May 2021

<b>Program Overview</b>	The Unemployment Insurance (UI) program provides temporary partial wage replacement to workers who become unemployed or have their hours greatly reduced through no fault of their own. Workers must complete an application process to determine eligibility and request benefits on a weekly basis. The Department of Employment and Economic Development (DEED) administers UI.
<b>Evaluation Questions</b>	How does DEED determine workers' eligibility for UI? Is DEED effective at preventing and detecting fraudulent applications?
<b>State Resources</b> <i>Medium</i>	Employers pay federal and state taxes that fund UI benefits. In Fiscal Year 2020, DEED paid out \$1.3 million in special revenue funds from the Minnesota unemployment insurance trust fund. DEED expended an additional \$52.5 million in federal funds. State expenditures are estimated to increase to \$61.3 million and federal expenditures to \$86.3 million in Fiscal Year 2021.
<b>State Control</b> <i>Medium</i>	UI is a joint federal-state program. Federal law establishes guidelines states must follow in administering their UI programs, and states establish additional requirements related to eligibility and benefits.
<b>Impact</b> <i>High</i>	UI provided benefits to more than 140,000 Minnesotans in 2019. Not only does the program provide economic stability to individual workers, it can help stabilize local economies by supporting spending and keeping workers in their communities during times of unemployment.
<b>Timeliness</b> <i>High</i>	The number of new initial applications for UI benefits increased by nearly 380 percent last year, from about 193,000 in Fiscal Year 2019 to roughly 926,000 in Fiscal Year 2020. As the number of applications rose, concern over fraudulent activity increased.
<b>Feasibility</b> <i>High</i>	OLA could conduct this evaluation using standard evaluation techniques, including interviews, document reviews, and data analysis.
<b>Balance</b> <i>High</i>	There are no other workforce programs under consideration for evaluation this year. OLA has not conducted a program evaluation of UI in more than 40 years and last conducted a financial audit in 2009.
<b>Discussion</b> <i>Primarily federally funded but potentially useful</i>	While the UI system has some built-in safeguards to detect fraudulent applications, the large increase in applications due to the COVID-19 pandemic has heightened attention on fraud risks. The Office of Inspector General for the U.S. Department of Labor has identified challenges to ensuring funds are used as intended and has committed to conducting extensive oversight of the federal expansion of UI benefits.