



Capitol Strategies, Inc.

2011 Special Session Wrap-Up

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Prepared by:

Tim Wilkin

Capitol Strategies, Inc.

612-554-7273

twilkin@capitolstrategiesmn.com

The historic government shutdown was ended when the Governor finally backed off of his tax increase proposals. With that deal, the Governor essentially accepted the last budget proposal that the legislature had put forth on June 30th. \$1.4 billion in one-time fixes were used to bridge the gap between the Governor's position and the legislature's position. The final solution included using more shifts and borrowing, as well as cuts, to balance the budget. In exchange, the Republicans agreed to a higher overall spending limit and dropped their position to cut 15 percent of state workers. Additionally, policy provisions were taken off the table and a \$500 million bonding bill was assembled. Specifics of the agreement included:

- Shifting school aid payments from 70/30 to 60/40 (\$700m);
- Issuing tobacco bonds to cover remaining gap as agreed to by Governor, Speaker and Senate Majority Leader;
- Increasing per student formula by \$50/year to cover additional borrowing cost (\$128 million);
- Adding \$10 million more to the University of Minnesota budget to equalize reductions with MnSCU (\$60m for higher education); and
- Restoring funding to Department of Human Rights and Trade Office.

Health and Human Services Budget

Healthy Minnesota Program

The defined contribution plan known as the Healthy Minnesota Plan, a MAHU initiative, was included in the bill. It will allow MinnesotaCare enrollees at 200% of the Federal Poverty Guideline and over to receive a contribution toward the purchase of a private sector health plan, **effective 7/1/2012**. It marks the first time that state health plan enrollees will be moved to the private sector from a public program rather than the other way around. Here are features of that plan:

- Enrollees who are rejected by private plans will have a waiver of pre-existing conditions to enter into MCHA.
- Allows enrollees to use up to their monthly defined contribution to pay premiums for coverage under a private health plan.
- Requires health plans purchased with a defined contribution to: (1) provide coverage for mental health and chemical dependency services, and (2) comply with the limitations on abortion coverage that apply under the MinnesotaCare program.

- Defined contribution amounts are provided on a sliding scale based on age and income. The contribution is increased by 20% for anyone denied coverage in the private individual market that end up on MCHA.
- Requires the commissioner of human services, in consultation with the commissioner of commerce, to develop an efficient and cost-effective method to refer applicants to professional insurance agent associations.

(see Appendix A for actual bill language)

Other HHS Budget Items

- Eliminates state-only Medical Assistance for certain legal noncitizens.
- Requires that the commissioner of DHS refer any MinnesotaCare enrollee identified as a veteran to the VA for evaluation for possible federal VA benefits.

Provider to be Tax Phased Out

The bill requires the commissioner of management and budget to project the needs of the health care access fund and determine if the tax that funds it exceeds 125% of its needs. If it does exceed the need by that specified percentage, the commissioner of revenue is directed to reduce that tax by a commensurate amount to avoid overfunding.

The health care provider tax will be repealed effective 1/1/2020.

Provisions of the Healthy Minnesota Contribution Program

Sec. 2. Minnesota Statutes 2010, section 62E.14, is amended by adding a subdivision to read:

Subd. 4g. **Waiver of preexisting conditions for persons covered by healthy Minnesota contribution program.** A person may enroll in the comprehensive plan with a waiver of the preexisting condition limitation in subdivision 3 if the person is eligible for the healthy Minnesota contribution program, and has been denied coverage as described under section 256L.031, subdivision 6.

EFFECTIVE DATE. This section is effective July 1, 2012.

Sec. 73. [256L.031] HEALTHY MINNESOTA CONTRIBUTION PROGRAM.

Subdivision 1. **Defined contributions to enrollees.** (a) Beginning July 1, 2012, the commissioner shall provide each MinnesotaCare enrollee eligible under section 256L.04, subdivision 7, with family income equal to or greater than 200 percent of the federal poverty guidelines with a monthly defined contribution to purchase health coverage under a health plan as defined in section 62A.011, subdivision 3.

(b) Enrollees eligible under this section shall not be charged premiums under section 256L.15 and are exempt from the managed care enrollment requirement of section 256L.12.

(c) Sections 256L.03; 256L.05, subdivision 3; and 256L.11 do not apply to enrollees eligible under this section unless otherwise provided in this section. Covered services, cost sharing, disenrollment for nonpayment of premium, enrollee appeal rights and complaint procedures, and the effective date of coverage for enrollees eligible under this section shall be as provided under the terms of the health plan purchased by the enrollee.

(d) Unless otherwise provided in this section, all MinnesotaCare requirements related to eligibility, income and asset methodology, income reporting, and program administration, continue to apply to enrollees obtaining coverage under this section.

Subd. 2. **Use of defined contribution; health plan requirements.** (a) An enrollee may use up to the monthly defined contribution to pay premiums for coverage under a health plan as defined in section 62A.011, subdivision 3.

(b) An enrollee must select a health plan within three calendar months of approval of MinnesotaCare eligibility. If a health plan is not selected and purchased within this time period, the enrollee must reapply and must meet all eligibility criteria.

(c) A health plan purchased under this section must:

(1) provide coverage for mental health and chemical dependency treatment services; and

(2) comply with the coverage limitations specified in section 256L.03, subdivision 1, the second paragraph.

Subd. 3. **Determination of defined contribution amount.** (a) The commissioner shall determine the defined contribution sliding scale using the base contribution specified in paragraph (b) for the specified age ranges. The commissioner shall use a sliding scale for defined contributions that provides:

(1) persons with household incomes equal to 200 percent of the federal poverty

guidelines with a defined contribution of 93 percent of the base contribution;
(2) persons with household incomes equal to 250 percent of the federal poverty guidelines with a defined contribution of 80 percent of the base contribution; and
(3) persons with household incomes in evenly spaced increments between the percentages of the federal poverty guideline or income level specified in clauses (1) and (2) with a base contribution that is a percentage interpolated from the defined contribution percentages specified in clauses (1) and (2).

19-29 \$125

30-34 \$135

35-39 \$140

40-44 \$175

45-49 \$215

50-54 \$295

55-59 \$345

60+ \$360

(b) The commissioner shall multiply the defined contribution amounts developed under paragraph (a) by 1.20 for enrollees who are denied coverage under an individual health plan by a health plan company and who purchase coverage through the Minnesota Comprehensive Health Association.

Subd. 4. **Administration by commissioner.** (a) The commissioner shall administer the defined contributions. The commissioner shall:

(1) calculate and process defined contributions for enrollees; and

(2) pay the defined contribution amount to health plan companies or the Minnesota Comprehensive Health Association, as applicable, for enrollee health plan coverage.

(b) Nonpayment of a health plan premium shall result in disenrollment from MinnesotaCare effective the first day of the calendar month following the calendar month for which the premium was due. Persons disenrolled for nonpayment or who voluntarily terminate coverage may not reenroll until four calendar months have elapsed.

Subd. 5. **Assistance to enrollees.** The commissioner of human services, in consultation with the commissioner of commerce, shall develop an efficient and cost-effective method of referring eligible applicants to professional insurance agent associations.

Subd. 6. **Minnesota Comprehensive Health Association (MCHA).** Beginning July 1, 2012, MinnesotaCare enrollees who are denied coverage in the individual health market by a health plan company in accordance with section 62A.65 are eligible for coverage through a health plan offered by the Minnesota Comprehensive Health Association and may enroll in MCHA in accordance with section 62E.14. Any difference between the revenue and actual covered losses to MCHA related to the implementation of this section are appropriated annually to the commissioner of human services from the health care access fund and shall be paid to MCHA.

Subd. 7. **Federal approval.** The commissioner shall seek federal financial participation for the adult enrollees eligible under this section.