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Senate

State of Minnesota

S.F. No. 49 (as amended by the A-3 amendment) – Transitional cost-sharing reduction, premium subsidy, small employer public option and transitional health care credit establishment

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Date: March 29, 2023

Article 1: Facilitating Enrollment

Overview

S.F. No. 49, Article 1, establishes numerous mechanisms to increase participation in and eliminate barriers to enrollment for health plans funded in whole or in part by public funds. These proposals include the following:

- Easy Enrollment – sections 1, 2, 7 – 9
- Navigator Payment Increase – section 3
- Disenrollment Requirements and Continuous MA Coverage – sections 4, 5
- MinnesotaCare for Undocumented Children – section 6

Summary

Easy Enrollment. These sections are based on a proposal by the Department of Human Services in SF 2995.

Section 1. Amends Minn. Stat. § 62K.15 to require health carriers offering individual health plans through MNsure to provide a special enrollment period as required under the easy enrollment health insurance outreach program established under the new section of law Minn. Stat. § 62V.13.

Section 2. Creates a new section of law, Minn. Stat. § 62V.13, which requires the Board of Directors of MNsure to, in cooperation with the commissioner of revenue, establish the easy enrollment health insurance outreach program. Under the program, MNsure may make a projected assessment on whether the interested taxpayer's household may qualify for a financial assistance program for health insurance coverage, based on return information received from the commissioner

of revenue. Eligible taxpayers may enroll during a special enrollment period required under this section.

Section 7. Adds a new subdivision 22 to Minn. Stat. § 270B.14 that authorizes the commissioner of revenue to disclose a return or return information to the MNsure board if a taxpayer makes an easy enrollment designation.

Section 8. Creates a new section of law, Minn. Stat. §290.433, which provides that any individual filing an income tax return may designate a request that the commissioner of revenue provide their return information to the MNsure board for purposes of providing the individual about potential eligibility for financial assistance and health insurance enrollment options.

Section 9. Requires the MNsure board and commissioner of the Department of Revenue to develop systems and procedures that facilitate and streamline data sharing, projected eligibility assessments, and notice to taxpayers to achieve the purpose of the easy enrollment health insurance outreach program for operation beginning with tax year 2023.

Navigator Payment Increase. This section is based on HF 2286, companion to SF 2265.

Section 3. Amends Minn. Stat. § 256.962 to increase the bonus paid to the organization or licensed insurance producer for each applicant who is successfully enrolled in MinnesotaCare or medical assistance.

Disenrollment Requirements and Continuous MA Coverage. These sections are based on SF 531.

Section 4. Amends subdivision 26 of Minn. Stat. § 256B.04 and requires the commissioner of human services to regularly update contact information for medical assistance and MinnesotaCare enrollees in cases of returned mail and nonresponse using information available from other sources. Prohibits the commissioner from disenrolling medical assistance and MinnesotaCare enrollees in cases of returned mail unless the commissioner made two attempts to contact the enrollee and waited at least 30 days for an enrollee to respond.

Section 5. Amends subdivision 7 of Minn. Stat. § 256B.056 and provides for continuous eligibility for children under 21 years of age for certain lengths of time depending on the child's age. Also provides for when this eligibility may be terminated. This section has an effective date of January 1, 2024, or upon any necessary federal approval, whichever is later.

MinnesotaCare for Undocumented Children. This section is based on a proposal by the Department of Human Services in SF 2995.

Section 6. Amends subdivision 10 of Minn. Stat. § 256L.04 and exempts children under the age of 19 from the prohibition against undocumented noncitizens being eligible for MinnesotaCare.

Article 2: Affordability

Overview

S.F. 49, Article 2, mandates the creation of a Health Care Affordability Board and a cost-sharing program for certain health plans through MNsure to reduce the costs of health care. This article further

establishes a prohibition on cost-sharing and deductibles for medical assistance recipients. Specifically, these items are set forth in this article as follows:

- Health Care Affordability Board – sections 1 – 8, 11, 12
- State-Funded Cost-Sharing Reductions – sections 9, 13
- Prohibition on MA Cost-Sharing – section 10, 14 (repealer)

Summary

Health Care Affordability Board. This section is based on SF 2002.

Section 1. Adds a new section of law, Minn. Stat. § 62J.86, which defines key terms for the purposes of new sections 62J.86 to 62J.92, including "Advisory Council," and "Board."

Section 2. Adds a new section of law, Minn. Stat. § 62J.87, which requires the Legislative Coordinating Commission to establish the Health Care Affordability Board to protect consumers, state and local governments, health plan companies, providers, and other health care system stakeholders from unaffordable health care costs. Specifies the 13-person membership of the Health Care Affordability Board. Prohibits a member from participating in board proceedings if the member has a direct or indirect financial interest. Establishes terms for board members, and requires the board to hire a full-time executive director and other staff.

Section 3. Adds a new section of law, Minn. Stat. § 62J.88, which requires the governor to appoint a Health Care Affordability Advisory Council to provide advice to the board on health care costs and access issues and to represent he views of patients and other stakeholders. Clarifies that the council must provide technical recommendations to the board and a summary of its activities to the board at least annually. Specifies terms for council members.

Section 4. Adds a new section of law, Minn. Stat. § 62J.89, which requires the board to monitor the administration and reform of the health care delivery and payment systems in the state. Such duties include: (1) setting health care spending growth targets; (2) enhancing the transparency of provider organizations; and (3) monitoring the adoption and effectiveness of alternative payment methodologies, among other duties. This section further requires the board to make recommendations for legislative policy, market, or other reforms.

Section 5. Adds a new section of law, Minn. Stat. § 62J.90, which requires the board to establish and administer the health care spending growth target program to limit health care spending growth in the state, and to report regularly to the legislature and the public on progress towards these targets. Requires the board to develop a methodology to establish annual health care spending growth targets and the economic indicators to be used in establishing the initial and subsequent target levels. The section specifies additional parameters that must be used in determining the health care spending growth target. Provides that, the board, by June 15 of each year beginning in 2024 must establish annual health care spending growth targets for the next calendar year, and that the board must annually hold public hearings to present findings from spending growth target monitoring.

Section 6. Adds a new section of law, Minn. Stat. § 62J.91, which requires the board to provide notice to all health care entities that have been identified by the board as exceeding the spending growth target for any given year. Requires the board to implement procedures for a performance improvement plan for such health care entities. Establishes requirements for such performance improvement plans, and specifies conditions which the board must consider in

approving or rejecting a performance improvement plan. Establishes a civil penalty, which shall be imposed as a last resort, of not more than $500,000 for noncomplying health care entities.

Section 7. Adds a new section of law, Minn. Stat. § 62J.92, which establishes reporting requirements for the board to the chairs and ranking members of the legislative committees with primary jurisdiction over health care finance and policy. Such requirements include mandating the board to submit written progress updates about the development and implementation of the health care spending growth target program and a report on health care spending trends.

Section 8. Amends subdivision 11 of Minn. Stat. § 62U.04 to clarify that the commissioner of health may use the data submitted under subdivision 4 and 5 of that statute to provide technical assistance to the Health Care Affordability Board to implement new sections of law 62J.56 to 62J.92.

Section 11. Requires the commissioners of human services, health, and commerce, and the board of directors of MNsure, to submit to the health care affordability board and the chairs and ranking minority members of the legislative committees with primary jurisdiction over health and human services finance and policy and commerce, by January 15, 2024, a report on the organization and duties of the Office of Patient Protection.

Section 12. Appropriates money from the general fund to the Health Care Affordability Board to implement sections 1 to 8 of Article 2. Further appropriates money from the general fund to the commissioner of health to fund activities of the health economics division necessary to implement sections 1 to 8 of Article 2.

State-Funded Cost Sharing Reductions. This section is based on a proposal by MNsure.

Section 9. Requires the board of directors of MNsure to develop a state-funded cost-sharing reduction program for eligible persons who enroll in a silver level qualified health plan through MNsure for plan years beginning on or after January 1, 2024. Provides that the program must use state funds to reduce enrollee cost-sharing by increasing the actuarial value of silver level health plans for eligible persons beyond the 73 percent value established in the Code of Federal Regulations to an actuarial value of 87 percent. This section further provides that, beginning for plan year 2026, the cost-sharing reduction program applies for eligible individuals expected to have a household income above 250 percent of the federal poverty level but that does not exceed 300 percent.

Section 13. Appropriates money from the general fund to the Board of Directors of MNsure to implement the cost-sharing reduction program, modernize MNsure's IT infrastructure in connection with the program, and for administrative costs related to the program.

Prohibition on MA Cost-Sharing. This section is based on a proposal by the Department of Human Services in SF 2995.

Section 10. Amends Minn. Stat. § 256B.0631 to add a new subdivision that prohibits a medical assistance benefit plan from including cost-sharing or deductibles for any medical assistance recipient or benefit, effective July 1, 2025.

Section 14. Repeals subdivisions 1, 2, and 3 of Minn. Stat. § 256B.0631, effective July 1, 2025, which subdivisions provided for cost-sharing for medical assistance recipients.

Article 3: Public Option

Overview

S.F. 49, Article 3, authorizes an optional buy-in to MinnesotaCare for families and individuals above the maximum income eligibility limits but who meet all other MinnesotaCare eligibility requirements. The article further requires the commissioner to establish a sliding premium scale for persons eligible through the public option. **S.F. 49**, Article 3, mandates the commissioner to report related information to the legislature and to contract for an independent actuarial analysis of the implementation, administration, and effects of this article. This article is based on SF 49.

Summary

Section 1. Exempts persons enrolled under the public option from a provision that prohibits adults from being enrolled in MinnesotaCare if their income is greater than the program income limit. Effective January 1, 2026, or upon federal approval, whichever is later.

Section 2. Amends existing eligibility requirements to allow families and individuals with income above the MinnesotaCare maximum income eligibility limit. Requires that eligible families and individuals meet all other eligibility requirements for MinnesotaCare. Permits eligible families to only enroll during open enrollment or a special enrollment period.

Section 3. Permits individuals whose income increases above 200 percent of the federal poverty guidelines to remain enrolled in MinnesotaCare if they utilize the public option.

Section 4. Requires the commissioner to continue to adjust premiums according to federal compliance required by American Rescue Plan Act of 2021. Deletes premium scale. Requires commissioner to establish a sliding premium scale for individuals eligible for the public option. Exempts individuals younger than 20 years of age, eligible through the public option, from paying premiums.

Section 5. Requires the commissioner to present an implementation plan for the MinnesotaCare public option to legislatures in health and finance by December 15, 2024. Requires plan to include recommendations for any changes to public option to continue federal funding. Requires plan to include recommendations for small employers with public option to allow any employee payments toward premiums to be pretax. Recommendations to ensure sufficient provider participation in MinnesotaCare and estimates of state costs relating to MinnesotaCare public option. Requires plan to include description of a premium scale for individuals eligible through the public option. Requires plan to ensure affordable premiums for individuals across income spectrum. Requires plan to avoid premium cliffs for persons moving to and enrolling under the public option. Requires commissioner to draft legislation necessary to implement the MinnesotaCare public option implementation plan recommendations. Requires commissioner to present a report, by January 15, 2025, comparing service delivery and payment system models for MinnesotaCare.

Section 6. Requires commissioner to seek any necessary federal waivers, approvals, and law changes necessary to implement this article. Requires commissioner to seek such changes to: continue receiving federal basic health program payments for basic health program-eligible MinnesotaCare enrollees; receive federal payment equal to the value of premium tax credits and cost-sharing reductions that certain MinnesotaCare enrollees would have otherwise receive; and receive federal payments equal to the value of emergency medical assistance that would otherwise have been paid to the state for services provided to eligible enrollees. Requires commissioner of human services to

consult with commissioner of commerce and board. Permits the commissioner to contract for technical and actuarial assistance.

Section 7. Provides that sections 1, 2, 3, and the specified portion of section 4, are effective January 1, 2027, or upon federal approval, whichever is later, but only if the commissioner makes various certifications to the legislature regarding the implementation of the program and impacts on existing programs.

Article 4: Health Care Model Studies

Overview

S.F. 49, Article 4, requires the commissioner of health to contract for an analysis of the benefits and costs of a proposal for a universal health care financing system, compared with the benefits and costs of the current health care financing system, provides for certain assumptions and parameters of the study, and appropriates money for this analysis. This article is based on SF 1771.

Summary

Section 1. Defines key terms including "total public and private health care spending," and "all necessary care." Requires the analysts conducting the study to recognize certain specified assumptions, and prohibits the analysts from making other assumptions, when calculating administrative savings and costs under the universal health proposal.

Section 2. Requires the commissioner of health to contract with an independent entity to conduct an analysis of the benefits and costs of a legislative proposal for a universal health care financing system and a similar analysis of the current health care financing system to assist the state in comparing the proposal to the current system. This section further requires the commissioner of health, with consultation from the commissioners of human services and commerce, to submit to the contractor for analysis the legislative proposal known as the Minnesota Health Plan. Specifies that the analysis must measure the performance of both the proposed Minnesota Health Plan and the current public and private health care financing system over a ten-year period to contrast the impact on: (1) coverage; (2) benefit completeness; (3) underinsurance; (4) system capacity; and (5) health care spending. Requires the commissioner to issue a final report by January 15, 2026.

Section 3. Appropriates $1,200,000 to the commissioner of health to conduct the economic analyses described in this article. This is a onetime appropriation available until June 30, 2026.

Section 4. Provides that Section 1 and 2 are effective the day following final enactment.