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S.F. No. 4778 - MinnesotaCare public option establishment, MinnesotaCare eligibility and various other provisions, and appropriation

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Bill Overview

S.F. 4778 establishes a public option for Minnesotans to enroll in MinnesotaCare, regardless of income. It directs MNsure to make the public option accessible through the MNsure website, make eligibility determinations, and perform associated administrative functions. The bill sets forth premium, deductible, and cost-sharing requirements for public option enrollees. S.F. 4778 establishes additional programs to increase health insurer access and affordability. Specifically, a cost-sharing reduction is created to reduce enrollee cost-sharing for eligible persons by increasing the actuarial value of silver level health plans from 73% to 87%, a contingent premium subsidy program is included to provide certain individuals with monthly payments towards their health insurance premiums, and a contingent premium tax credit would, in certain circumstances, allow a credit equal to 20% of annual premiums paid by an individual for a qualified health plan purchased through MNsure. S.F. 4778 also directs the commissioner of commerce, in cooperation with the commissioner of human services and the MNsure board, to submit a section 1332 waiver to implement the public option, and to contract for necessary analyses required to complete the waiver application.

Section Summaries

Section 1 (adds Minn. Stat. § 62V.02, subdivision 7a) This section adds a definition of “MinnesotaCare public option” with a cross-reference to the definition given in section 256L.01.

Section 2 (adds Minn. Stat. § 62V.02, subdivision 7b) This section adds a definition of “MinnesotaCare public option enrollee” with a cross-reference to the definition given in section 256L.01.

Section 3 (amends Minn. Stat. § 62V.03, subdivision 1) This statute identifies five duties of MNsure. This section of the bill incorporates the public option into those duties, and adds a sixth duty to “ensure simple, convenient, and understandable access to enrollment in the public option through the MNsure website.”

Section 4 (amends Minn. Stat. § 62V.03, subdivision 3) This section clarifies that nothing in chapter 62V (which chapter relates to MNsure) shall be construed to restrict the choice of a qualified individual to enroll or not enroll in the public option, or be construed to compel an individual to enroll in the public option.

Section 5 (amends Minn. Stat. § 62V.05, subdivision 3) This section imposes a new requirement on insurance producers assisting individuals or small employers with purchasing coverage through MNsure. This requirement is that the producer must disclose to the individual or small employer of the existence of the public option, that the public option may be purchased through the MNsure website, and that the producer may receive compensation from the state for enrolling an individual in the public option. This section further requires the MNsure board to establish certification requirements for producers, which certification must be received before assisting individuals with enrolling in the public option. This section also requires health carriers to pay producers for applicants the producers help enroll in the public option.

Section 6 (amends Minn. Stat. § 62V.05, subdivision 6) This section incorporates the public option, cost-sharing reduction under section 62V.12, premium subsidy under section 62V.14, and the premium tax credit under section 25 of the bill to an existing provision in chapter 62 requiring, if MNsure or a court orders eligibility for the foregoing programs contingent upon payment of premiums, that the premiums must be paid pending appeal of the eligibility determination.

Section 7 (amends Minn. Stat. § 62V.05, subdivision 11) Federal law prohibits MNsure from offering a product that is not a qualified health plan or certain dental plans. This section clarifies that the public option is being offered by the Department of Human Services, and that nothing in this statutory subdivision prevents the commissioner of human services from offering the public option on the MNsure website.

Section 8 (adds Minn. Stat. § 62V.05, subdivision 13) This section states that the MNsure board has the powers and duties provided in section 62V.15, with respect to the MinnesotaCare public option.

Section 9 (amends Minn. Stat. § 62V.051) This section requires MNsure to allow public option enrollees to retroactively appoint a navigator or insurance producer, and requires MNsure to provide the managed care or county-based purchasing plan with notice of the retroactive appointment. This section further requires the plan to retroactively pay commissions to the applicable insurance producer, provided that the producer can demonstrate proper certification by MNsure at the time of the original enrollment.

Section 10 (amends Minn. Stat. § 62V.06, subdivision 4) This section provides that data submitted by an insurance producer in an application for certification to sell the public option through MNsure will be treated in the same manner as data submitted in an application for certification to sell any other health plan through MNsure.

Section 11 (adds Minn. Stat. § 62V.12) This section directs the MNSure board to establish a state-funded cost-sharing reduction program. This program would apply only to individuals: (1) enrolled in a silver level qualified health plan through MNSure; (2) that meet the federally-established eligibility criteria to receive a cost-sharing reduction set forth in 45 C.F.R. § 155.305(g); and (3) expected to have a household income between 200-250% of the federal poverty guidelines, for the plan year for which coverage is requested.

The cost-sharing reduction program under this section begins for plan year 2025 and extends until the last day of the plan year prior to the availability of public option coverage. The program would reduce enrollee cost-sharing for eligible persons by increasing the actuarial value of silver level health plans from 73% to 87%.

Section 12 (amends Minn. Stat. § 62V.13, subdivision 3) This section incorporates the public option into the special enrollment periods permitted for taxpayers who receive the outreach letter through Minnesota's easy enrollment health outreach program and who are eligible to enroll in the public option.

Section 13 (adds Minn. Stat. § 62V.14) This section directs the MNSure board to administer a contingent premium subsidy program for plan year 2026. The program would provide \$30 per month toward the health insurance premium for each individual who has purchased a silver level qualified health plan through MNSure. The section further requires the board to establish written procedures for coordinating the subsidy payments through health carriers, and to reflect the subsidy when presenting premium payments for silver level qualified health plans on the MNSure website. The premium subsidy under this section is contingent on the federal government not extending the premium tax credits for households with incomes over 400% of the federal poverty guidelines, as initially established under the American Rescue Plan Act, for the plan year.

Section 14 (adds Minn. Stat. § 62V.15) This section states that an individual eligible for the public option must be able to apply for and enroll in the public option by completing the application for a qualified health plan with premium tax credits or cost-sharing reductions on the MNSure website. It further requires MNSure to present the public option on its website in a manner comparable and standardized to the qualified health plans, to the extent practicable, and provides MNSure with the authority to: (1) process all public option applications; (2) make all eligibility determinations for the public option; and (3) handle eligibility appeals through existing MNSure rules.

This section further authorizes MNSure to provide administrative functions to facilitate the offering of the public option, such as marketing, call center operations, and insurance producer certifications, and to contract on a single-source basis with a third-party entity to implement the technological requirements of the section.

Section 15 (adds Minn. Stat. § 256L.01, subdivision 5a) This section defines "MinnesotaCare public option" to mean "health coverage provided to individuals eligible under section 256L.04, subdivision 15, that meets the requirements of section 256L.29."

Section 16 (adds Minn. Stat. § 256L.01, subdivision 5b) This section defines "Minnesota Care public option enrollee" to mean "an individual enrolled in MinnesotaCare under section 256L.04, subdivision 15."

Section 17 (amends Minn. Stat. § 256L.03, subdivision 5) This section provides an exemption from MinnesotaCare cost-sharing for: (1) children under age 21; (2) pregnant women; and (3) American Indians with incomes greater than or equal to 300% of the federal poverty guidelines. It further exempts public option enrollees from MinnesotaCare’s 94% actuarial value cost-sharing requirement, as provided in section 256L.29.

Section 18 (amends Minn. Stat. § 256L.04, subdivision 1c) This section makes a conforming change reflecting the establishment of the public option, in a section related to qualified individuals for enrollment in qualified health plans through MNsure.

Section 19 (amends Minn. Stat. § 256L.04, subdivision 7a) This section makes a conforming change reflecting the establishment of the public option and the resulting possibility that individuals with incomes greater than the income thresholds in existing law would now be eligible for MinnesotaCare (*i.e.*, individuals eligible for the public option).

Section 20 (adds Minn. Stat. § 256L.04, subdivision 15) This section provides that families and individuals, who meet all other MinnesotaCare eligibility requirements, are eligible for the public option regardless of whether they meet the income thresholds in existing law for MinnesotaCare (subject to the enrollment cap and additional requirements set forth in section 256L.29). It further states that, unless otherwise specified, all provisions of the MinnesotaCare chapter apply to such individuals.

Section 21 (amends Minn. Stat. § 256L.07, subdivision 1) This section makes a conforming change to existing law to clarify that an individual, who is no longer eligible for MinnesotaCare due to an income increase over 200% of the federal poverty guidelines, may continue MinnesotaCare enrollment through the public option.

Section 22 (amends Minn. Stat. § 256L.12, subdivision 7) This section requires managed care plan contractors to reimburse health care providers for services provided to public option enrollees at rates equal to or greater than the applicable Medicare rate, or a Medicare rate for a similar service if the specific service is not reimbursed under Medicare.

Section 23 (adds Minn. Stat. § 256L.29) This section states that the public option is part of the MinnesotaCare program and all provisions of the MinnesotaCare chapter apply to the public option, unless the statutes expressly state otherwise. A premium scale for the public option is also included in this section, which scale causes a public option enrollee to pay a higher premium (relative to their household income) as their household income increases. The section further establishes deductible levels for public option enrollees, which also differ based on the enrollee’s household income as a percent of the federal poverty guidelines. There is no annual deductible for public option enrollees with household incomes equal to or less than 400% of the federal poverty guidelines. In addition, this section establishes enrollment limits for public option enrollees for the 2027 and 2028 plan years.

Section 24 (amends Minn. Stat. § 290.0122, subdivision 6) This section disallows the itemized deduction for amounts paid for health insurance premiums if those amounts are also used to claim the contingent health insurance premium tax credit in section 25 of the bill for plan years 2026 or 2027.

Section 25 (uncodified; Contingent Health Insurance Premium Tax Credit) This section allows a credit equal to 20% of annual premiums paid for a qualified health plan purchased through MNsure. The credit would only be available for tax years 2026 or 2027, and would be contingent on the

legislature not funding the Minnesota Premium Security Plan, or a substantially similar plan, in one of those years. The section further provides related definitions and appropriates “the amount necessary to pay the refunds under this section” to the commissioner of revenue.

Section 26 (uncodified; Request for Federal Waiver) This section directs the commissioner of commerce, in cooperation with the commissioner of human services and the MNsure board, to submit a section 1332 waiver to implement the public option. The section authorizes the commissioner of commerce to contract for necessary analyses, certifications, data, and other information required to complete the waiver, and directs the commissioner to provide any information to the federal Secretary of Health and Human Services and Secretary of the Treasury necessary and advisable to obtain waiver approval.

Section 27 (uncodified; Appropriations) This section appropriates money to the MNsure board, commissioner of human services, and commissioner of commerce to carry out their respective duties to implement the act.