SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 2876

(SENATE AUTHORS: HOFFMAN, Abeler, Gruenhagen, Utke and Maye Quade)

DATE	D-PG	OFFICIAL STATUS
03/24/2025		Introduction and first reading
		Referred to Human Services

A bill for an act

relating to human services; establishing a coordinated services organization demonstration project; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

Section 1. **[256B.7705] COORDINATED SERVICES ORGANIZATION DEMONSTRATION PROJECT.**

Subdivision 1. **Purpose.** The commissioner shall establish a demonstration project to test a provider-led coordinated service model, implemented by disability services providers for people with disabilities, that coordinates services across the continuum of covered services under medical assistance and Medicare, addresses health-related social needs, and prioritizes enrollee choice.

Subd. 2. **Application.** The commissioner shall develop a request for applications for participation in the coordinated services organization demonstration project. In developing the request for applications, the commissioner shall:

(1) identify, in consultation with interested parties, key indicators of well-being, quality, access, satisfaction, and other performance indicators;

(2) identify, in consultation with interested parties, indicators for measuring cost savings;

(3) establish quality standards for the coordinated service organization that are appropriate for the populations served;

(4) encourage the coordination of services across home and community-based services, crisis services, primary care, dental care, and pharmacy;

(5) allow flexibility in the application evaluation methodology to encourage applicants to propose innovation and disability services provider collaborations that may be customized for the special needs and barriers of patient populations receiving home and community-based waiver services and dual-eligible populations; and

(6) allow flexibility in the application evaluation methodology to facilitate the delivery of eligibility and claims data to the coordinated services organization, including collaborating on data use agreements with the Centers for Medicare & Medicaid Services for dual-eligible Medicare claims and eligibility data.

Subd. 3. **Eligibility.** (a) To be eligible to participate in the coordinated services organization demonstration project an applicant must demonstrate in its application that it will:

(1) include providers of home and community-based services and long-term services and supports;

(2) have partnership or joint venture arrangements between home and community-based providers and health care providers;

(3) have partnership or joint venture agreements with managed care plans serving people enrolled in special needs basic care programs to improve the coordination and integration of medical, behavioral health, and long-term services and supports for enrollees served by the coordinated services organization;

(4) have an established, nonprofit, shared governance structure;

(5) develop a process for enrollees to opt into the coordinated service organization and establish a mechanism to monitor enrollment;

(6) establish a process to ensure the quality of care and services provided;

(7) have the capacity to provide care coordination and population health activities for enrollees;

(8) have the capacity to provide community intervention programming, including upstream early identification and enhanced care to reduce preventable emergency department use, services to reduce avoidable hospitalization and readmission, transitions of care, enhanced primary care, medication therapy management, in-home technology, and specialized dental coordination and services;

(9) in cooperation with counties and community social service agencies, coordinate the delivery of health care services with existing social services programs;

(10) have a mechanism to ensure compliance with conflict-free case management requirements;

(11) have the ability to provide population health analysis, risk stratification, and quality and performance reporting to its participating providers for the purposes of meeting cost and quality measures; and

(12) adopt innovative and cost-effective methods of care delivery and coordination, which may include the use of telehealth, care coordinators, community health workers, and peer support.

(b) A successful applicant may contract with a third party, including for the administration of a payment system using the payment methods established by the commissioner for integrated health partnerships.

Subd. 4. **Enrollment.** (a) An individual is eligible to enroll with a coordinated services organization if the individual is either dually eligible for medical assistance and Medicare and eligible to receive waiver services under section 256B.49 or enrolled in medical assistance special needs basic care and receiving waiver services under section 256B.49.

(b) An individual eligible under paragraph (a) may enroll in a coordinated services organization if the organization and its participating providers serve the county in which the eligible individual resides.

Subd. 5. **Accountability.** (a) A coordinated services organization must accept responsibility for the quality of care and services based on standards established under subdivision 2 and the cost of care or utilization of services provided to its enrollees. Accountability standards must be appropriate to people with disabilities and specific subpopulations served.

(b) A coordinated services organization must demonstrate to the commissioner how it coordinates services affecting its enrollees' health, quality of care, and cost of care that are provided by other providers, county agencies, and other organizations in the local service area.

(c) After the expiration of an initial contract term under this section, the commissioner may evaluate additional activities for inclusion in coordinated services organization contracts. Additional activities the commissioner may include in the contract include but are not limited to long-term care consultation services assessments under section 256B.0911, community first services and supports consultative services under section 256B.85, waiver case

management under sections 256B.092 and 256B.49, and financial management services under chapter 256B.

Subd. 6. **Payments.** (a) The commissioner shall establish a per member, per month population-based payment that reflects the ongoing activities, scope, and metrics of the coordinated services organization. The payment must be risk-adjusted to reflect varying levels of care and case management intensiveness for enrollees with chronic conditions, dependencies in activities of daily living, need for assistance due to behaviors, and other factors that recognize the medical complexity of the populations served. The payment must be paid at least on a quarterly basis.

(b) The commissioner shall collaborate with the coordinated services organization in developing a total cost of care risk-gain sharing payment model.

(c) The commissioner may include in the payment system incentive payments to the coordinated services organization that meet or exceed annual quality and performance targets realized through the coordination of care.

(d) The population-based payment must not duplicate services under already existing special need basic care coordination delegation agreements.

(e) The coordinated services organization must develop a value-based arrangement between the parties participating in its approved demonstration project, including the Department of Human Services, and establish a shared risk-savings distribution agreement among parties.

(f) The commissioner must continue to pay providers participating in an approved coordinated services organization demonstration project contractual or fee-for-service rates for individual services covered by medical assistance.

(g) A coordinated services organization receiving this payment must continue to meet cost and quality metrics under the program to maintain eligibility for the population-based payment.

Subd. 7. **Federal approval.** The commissioner shall apply for any federal approval required to implement this project and seek to maximize federal financial participation.

Subd. 8. **Innovation grants.** The commissioner shall, from within appropriations available for this purpose, establish coordinated service organization innovation and capacity-building grants. The commissioner shall award grants to assist approved coordinated services organizations in covering initial start-up costs and maximizing the coordination and integration of the organization and its partners.

Sec. 2. **APPROPRIATION; COORDINATED SERVICE ORGANIZATION INNOVATION AND CAPACITY-BUILDING GRANTS.**

$..... in fiscal year 2026 and $..... in fiscal year 2027 are appropriated from the general fund to the commissioner of human services for coordinated service organization innovation and capacity-building grants under Minnesota Statutes, section 256B.7705. The commissioner must not award a grant exceeding $2,000,000 to a coordinated service organization during the biennium.