

**February 2016**

**Minnesota Family  
Assistance**

**A Guide to Public Programs Providing  
Assistance to Minnesota Families**

**Research Department**  
Minnesota House of Representatives

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The Research Department of the Minnesota House of Representatives is a nonpartisan professional office serving the entire membership of the House and its committees. The department assists all members and committees in developing, analyzing, drafting, and amending legislation.

The department also conducts in-depth research studies and collects, analyzes, and publishes information regarding public policy issues for use by all House members.

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**February 2016**

**Minnesota Family Assistance**

**A Guide to Public Programs Providing  
Assistance to Minnesota Families**

This publication describes the federal and state programs that provide assistance to Minnesota families in the form of income, health care, child care, food purchasing, and housing. Programs covered in this guide are General Assistance, Minnesota Family Investment Program, Minnesota Supplemental Aid, Supplemental Security Income, Medical Assistance, MinnesotaCare, subsidized health coverage through MNsure, Child Care, Food Support, and Group Residential Housing.

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## Introduction

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This guide is intended to help legislators understand the following public programs that provide assistance to Minnesota families:

- ▶ General Assistance (GA)
- ▶ Minnesota Family Investment Program (MFIP)
- ▶ Minnesota Supplemental Aid (MSA)
- ▶ Supplemental Security Income (SSI)
- ▶ Medical Assistance (MA)
- ▶ MinnesotaCare
- ▶ Subsidized health coverage through MNsure
- ▶ Child Care
- ▶ Food Support (FS)
- ▶ Group Residential Housing (GRH)

The first four programs, GA, MFIP, MSA, and SSI, provide income assistance to eligible needy families and individuals.

The MA and MinnesotaCare programs cover the cost of health care for eligible low-income families and individuals. MNsure, the state's health insurance exchange, makes subsidized health coverage available to low- to middle-income families and individuals.

The remaining three programs provide financial assistance to recipients for certain living expenses. The Child Care assistance programs subsidize the child care costs of eligible MFIP and other low-income families. The Food Support program provides food purchasing assistance to eligible low-income households. The GRH program subsidizes the housing costs of certain low-income individuals who live in community-based group residences.

This guide includes basic information about how each of these programs works and includes information on each program's administration, eligibility, benefits, funding, and recipients.

## **Assistance Programs Originating in Federal Law**

Some of the programs described in this guide began with federal legislation:

- ▶ Supplemental Security Income (SSI)
- ▶ Medical Assistance (MA)
- ▶ Minnesota Family Investment Program (MFIP)
- ▶ Child Care
- ▶ Food Support (FS)
- ▶ Subsidized health coverage through MNsure

SSI, MA, and MFIP have their origins in the federal Social Security Act of 1935. The Food Support program began as the result of separate federal legislation in 1964. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 also made fundamental changes to the Social Security law, the Food Support law, and child care assistance that have had a significant effect on these programs. The federal Affordable Care Act, enacted in 2010, subsidizes the purchase of health insurance coverage through health insurance exchanges such as MNsure.

## **The Social Security Act**

Prior to 1935, relief for the poor had been the responsibility of state and local governments and private charities. During the Depression, however, local governments and private agencies no longer had enough resources to help the growing number of families and individuals who were in need of direct financial assistance. In 1935, Congress passed the Social Security Act as a response to the economic hardship created by the Great Depression.

The Social Security Act includes two types of programs: social insurance programs and assistance programs. The assistance programs are the focus of this guide.

### **Social Insurance**

Social insurance is a system to protect people with a work history, and their dependents, who experience an abrupt loss of income due to temporary unemployment, disability, retirement, or death. Eligibility for social insurance programs in the Social Security Act is not based on an applicant's financial need. The social insurance component of the act includes Old Age, Survivors' and Disability Insurance Program, Unemployment Compensation, and the Medicare program. Program benefits are funded by mandatory employer/employee contributions to special program trusts. Eligibility for benefits under these programs is based on an individual's work history and contributions to the trust funds. Some state agencies play a limited role in the social insurance programs; county agencies have no administrative responsibility for any of the social insurance programs.



## **Assistance Programs**

Eligibility for the assistance programs created in the Social Security Act is based on individual or family financial need and on whether or not an applicant/recipient is a member of a federally authorized category. Through the provisions of the original Social Security Act and its successive amendments, Congress has authorized programs that provide cash and medical assistance to aged, blind, and disabled individuals and families with dependent children. Program benefits are financed by federal and state general funds. Funding formulas vary among programs. There are no special trusts (like the Social Security trust fund) to finance the costs of these assistance programs.

Title IV-A of the act created the Aid to Families with Dependent Children (AFDC) program, which was an entitlement program intended to provide financial support to needy families where a dependent child in the family was deprived of the support of one of his or her parents. Title XIX created the Medicaid entitlement program to provide health care assistance to certain categories of low-income persons. Title XVI created the Supplemental Security Income (SSI) entitlement program to provide monthly cash assistance to needy aged, blind, and disabled persons. Title XXI created the State Children's Health Insurance Program (SCHIP) to fund health care coverage for uninsured low-income children and some parents, by providing an enhanced federal match to states.<sup>1</sup>

With the exception of the federally administered SSI program, the other assistance programs of the Social Security Act are administered in Minnesota by the counties under the supervision of the state Department of Human Services (DHS). Overall program requirements are set by Congress and the responsible federal agency.

The various titles of the Social Security Act remain the basis of the national public assistance system in America today. Most changes in federal welfare policy are established as amendments to the Social Security Act.

## **PRWORA: The Federal Welfare Reform Law**

In 1996 Congress enacted landmark welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA; Pub. L. No. 104-193). PRWORA marked a fundamental shift in the direction and design of the public assistance programs. This welfare reform law amended the Social Security Act to abolish the AFDC entitlement program, replacing it instead with a totally rewritten Title IV-A that established the block grant program of Temporary Assistance for Needy Families (TANF).

Under TANF states receive a federal block grant to provide time-limited assistance to needy families with minor children. PRWORA has a strong focus on moving welfare recipients into

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<sup>1</sup> States can administer SCHIP through their Medicaid programs, a separate program, or a combination of both. Minnesota uses SCHIP funding to pay for health care services for certain MA and MinnesotaCare eligibility groups (see the MA and MinnesotaCare chapters for details).

work and self-sufficiency. TANF families are required to participate in work activities, and states must ensure that the federally established work participation requirements are met. Minnesota's TANF program is the Minnesota Family Investment Program (MFIP).

The welfare reform legislation also made significant changes in the eligibility requirements for the SSI, MA, and Food Support programs, and in the design and funding of the Child Care assistance programs. Some of the most noticeable changes were provisions that created categories of legal noncitizens who were ineligible for SSI or Food Support benefits, or were eligible for those benefits for only a limited time. However, the 2002 Farm Bill restored Food Support eligibility to certain categories of legal noncitizens. Another significant change was the repeal of the child care assistance entitlement, under federal law, for AFDC recipients who needed child care to get or keep a job.

TANF was reauthorized in February 2006 under the Deficit Reduction Act of 2005 through fiscal year 2010. Congress has not reauthorized TANF, but instead has extended the TANF block grant several times. TANF is currently extended through September 30, 2016.

## **Food Stamp Act**

Congress established the Food Support (Stamp) Program in 1964. This entitlement program increases the food purchasing power of low-income households. Eligibility for this program is based on an applicant's financial need. Over time Congress has amended the Food Stamp Act and has added work requirements that some categories of Food Support recipients must also meet as a condition of receiving food support benefits. PRWORA has also limited the eligibility of many legal noncitizens for Food Support. The Food Support program is administered by county agencies under the supervision of the state DHS.

## **The Affordable Care Act**

The Patient Protection and Affordable Care Act (Pub. L. No. 111-148), as amended, was passed by the U.S. Congress and signed into law in 2010. This legislation, along with related federal guidance and regulations, is often referred to as the Affordable Care Act (ACA). The ACA contains a wide range of provisions related to government health care programs, health insurance regulation, health care access and costs, and the health care workforce.

In the area of health care access, the ACA makes advanced premium tax credits and cost-sharing reductions available to families and children and adults without children who purchase health coverage through a health insurance exchange either established by the state or operated by or in cooperation with the federal government. The ACA also gives states the option to establish basic health programs to provide health coverage for certain low-income persons who would otherwise be eligible for subsidized coverage through a health insurance exchange. Minnesota established MNsure as a state-administered health insurance exchange and has received federal approval to operate MinnesotaCare, an existing health coverage program, as a basic health program.

## Assistance Programs Originating in State Law

The remaining programs described in this guide are programs that originated in state rather than federal legislation:

- ▶ General Assistance (GA)
- ▶ Minnesota Supplemental Aid (MSA)
- ▶ MinnesotaCare
- ▶ Group Residential Housing (GRH)

Benefits for these programs are financed by the state general fund, or in the case of MinnesotaCare, the state-created Health Care Access Fund. Overall program requirements are set by the state legislature and the programs are administered by the counties under the supervision of DHS, or in the case of MinnesotaCare, by DHS itself.

## Financing Minnesota’s Family Assistance Programs

The program costs of the principal public programs that assist Minnesota families are financed by a combination of federal and state money as follows:

Program	Source of Financing	
	Federal	State
General Assistance (GA)		X
Minnesota Family Investment Program (MFIP)	X	X
Minnesota Supplemental Aid (MSA)		X
Supplemental Security Income (SSI)	X	
Medical Assistance (MA)	X	X
MinnesotaCare	X	X <sup>2</sup>
Subsidized health coverage through MNsure	X	
Child Care Assistance	X	X <sup>3</sup>
Food Support (FS)	X	X
Group Residential Housing (GRH)		X

<sup>2</sup> MinnesotaCare is also financed with premiums paid by the program’s enrollees.

<sup>3</sup> Child Care Assistance programs are also financed with county funds and participant copayments.

Beginning January 1, 1991, the state assumed responsibility for, or “took over,” the historic county share of expenditures for public assistance benefits. From that point on counties were not responsible for paying a share of the program costs of certain state-mandated assistance programs.<sup>4</sup> Counties have continued to administer most programs (with the exception of MinnesotaCare), and they are expected to follow state guidelines in administering the programs.

Unless otherwise noted, all citations are to Minnesota Statutes 2014 or 2015 Supplement.

## Appendices

This guide includes several appendices:

- ▶ Appendix I: Asset Limits for Assistance Programs
- ▶ Appendix II: Income Limits for Assistance Programs
- ▶ Appendix III: Program Expenditures and Caseload Data
- ▶ Appendix IV: Laws and Regulations Governing Assistance Programs for Families
- ▶ Appendix V: Federal TANF Work Requirements
- ▶ Appendix VI: Tribal TANF Programs
- ▶ Appendix VII: Standard Weekly Maximum Child Care Rates
- ▶ Appendix VIII: Federal Earned Income Tax Credit and Minnesota Working Family Credit
- ▶ Appendix IX: Federal and Minnesota Dependent Care Tax Credits

The first four appendices provide comparative information for all the assistance programs included in the guide. Appendices V and VI relate to specific aspects of MFIP, the state’s welfare reform program for families. Appendix VII provides the standard maximum weekly child care rates under the child care assistance programs.

Finally, both the federal and state governments provide some assistance to Minnesota families through tax credit programs. Tax provisions are outside the scope of this guidebook. However, appendices VIII and IX provide some basic information about two of the best known tax credits that assist Minnesota families: earned income tax credits and dependent care tax credits.

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<sup>4</sup> Certain exceptions apply. For example, a county share is required for certain MA services (see discussion of the nonfederal share in the MA chapter).

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# General Assistance

General Assistance (GA) is a state program that provides cash assistance to needy persons who fall into specified statutory categories and who meet the GA eligibility requirements, including income and asset requirements.

## Administration

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### Minnesota State Legislature

The legislature established GA in 1973 when it abolished county “Poor Relief” programs and the “Township Relief System.” The original GA program provided assistance to needy persons who did not qualify for federal programs. In 1985 the legislature changed the GA program to allow assistance only for those people who meet certain standards of “unemployability.” The state law includes: minimum statewide standards for assistance, general eligibility requirements (including resource limitations), provisions for program funding and administration, and guidelines for determining the county financially responsible for GA grants.

*GA provides aid to individuals or couples who are not eligible for federally funded assistance programs, but who are unable to provide for themselves.*

### State Department of Human Services (DHS)

DHS supervises program administration. DHS rules govern GA administration in Minnesota. DHS also issues a detailed program manual for county caseworkers, which includes specific eligibility criteria and schedules for determining benefits.

### Counties

The counties administer GA. The county human services agency, with the assistance of the state agency through the MAXIS computer system, determines if an applicant meets the state’s eligibility requirements and determines the amount of assistance.

## Eligibility Requirements

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The GA program provides aid to individuals or couples who are not eligible for federally funded assistance programs, but who are unable to provide for themselves ([Minn. Stat. § 256D.01](#)). An applicant qualifies for GA if he or she meets the eligibility standards set by state law and has income and assets below the limits established by the state legislature and DHS.

### Income Limits

*GA eligibility is based on income and assets.*

The legislature mandates that DHS limit eligibility for GA based on maximum income levels. The limit applies to earned and unearned income. If the current net income of an individual or couple is below the applicable need standard, that person or couple may be eligible for GA.

Currently, an applicant's net income is calculated in two steps. First, all of the applicable allowed disregards and deductions are subtracted from the applicant's gross monthly earned income, to get the applicant's net earned income amount. These disregards and deductions include the following:

- ▶ an earned income disregard of the first \$65 of earned income plus half of the remaining income earned each month
- ▶ a work expense deduction
- ▶ a deduction for actual unreimbursed dependent care costs, if there are no caregivers in the home, or if all caregivers are working or in school and incurring dependent care costs

Beginning August 1, 2016, the work expense and dependent care deductions will no longer apply due to new uniform income calculations under [Minnesota Statutes, section 256P.06](#).<sup>5</sup>

Second, all unearned income that is not otherwise excluded is added to the applicant's net earned income amount, in order to arrive at the applicant's net income. Some types of unearned income are excluded from this calculation. Examples of excluded unearned income are certain types of federal assistance payments received by the person or couple, such as the value of food support and low-income home energy assistance.

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<sup>5</sup> [Minnesota Statutes, section 256P.06](#), subdivision 3, lists the items that must be included when determining assistance unit income.



The net income limit represents the state's determination of the minimum monthly income individuals need to provide themselves with "a reasonable subsistence compatible with decency and health" ([Minn. Stat. § 256D.02](#), subd. 4). For this reason the net income limit is also known as the standard of assistance or the "need standard."

## **Asset Limits**

State regulations also set the maximum value of assets an applicant may possess and be eligible for GA. Currently, GA recipients can have no more than \$1,000 in net counted assets after all allowable exclusions.

Beginning June 1, 2016, the equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be readily accessed without a financial penalty; and (4) nonexcluded vehicles (one vehicle per assistance unit member age 16 or older will be excluded when determining the equity value of personal property).

The county agency must also exclude assets for certain reasons, for example, if the applicant is expected to receive GA for less than 30 days, or if forced disposal of property would result in "undue hardship."

Personal property owned by the applicant or participant is presumed to be legally available to the applicant or participant unless he or she documents that the personal property is not legally available to him or her. When personal property is not legally available to the applicant or participant, its equity must not be applied to the personal property limits.

The equity value of real and personal property transferred without reasonable compensation within 12 months preceding the date of application must be included in determining the resources of an assistance unit.

## Additional GA Eligibility Requirements

In addition to having financial need, a GA applicant must also:

- ▶ be a resident of Minnesota;
- ▶ be ineligible for aid from any cash assistance program that uses federal funds (i.e., MFIP or SSI);
- ▶ be a citizen of the United States; and
- ▶ meet other eligibility requirements.

*Among other criteria, GA recipients must be Minnesota residents, U.S. citizens, or eligible noncitizens, and ineligible for cash assistance from federally funded programs.*

**A GA applicant must be a resident of Minnesota.** A resident is a person who intends to make his or her home in Minnesota and has been in the state for at least 30 days. Exceptions to the 30-day requirement are made for migrant workers who meet certain criteria and for persons in situations of unusual hardship. Time spent in a battered women's shelter also counts towards meeting the requirement.

**A GA applicant must be ineligible for aid from any cash assistance program that uses federal funds** (i.e., MFIP or SSI).<sup>6</sup>

**A GA applicant must be a citizen of the United States.** Legal noncitizens who are lawfully residing in the United States are eligible for GA. Undocumented noncitizens and nonimmigrant noncitizens<sup>7</sup> are not eligible for GA benefits.

The income and assets of sponsors of noncitizens are deemed available for GA applicants and recipients as provided under federal law. In order to receive GA, legal adult noncitizens who are under age 70 and have lived in the United States for at least four years must also meet certain requirements relating to English literacy or application for U.S. citizenship.

**A GA applicant must be unable to work because the person:**

1. Has a professionally certified illness, injury, or incapacity expected to continue for more than 45 days and that prevents the person from getting or keeping a job
2. Has a diagnosed developmental disability or mental illness that prevents the person from getting or keeping a job

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<sup>6</sup> An eligible person may receive GA while waiting for a SSI determination.

<sup>7</sup> A nonimmigrant is a person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States). Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

3. Is of advanced age (age 55 or older)
4. Is needed in the home to care for a person whose age or medical condition requires continuous care
5. Is placed in a licensed or certified facility for care or treatment under a plan approved by the local human services agency
6. Resides in a shelter facility for battered women that has a contract with the Department of Corrections
7. Or is one of the following:
  - (a) a person who has an application pending for or is appealing a termination of Social Security disability or SSI benefits, as long as the person has a professionally certified illness or disability
  - (b) a person who is assessed as not employable
  - (c) a person under age 18 in certain specified circumstances and with consent of the local agency
  - (d) a person who is eligible for displaced homemaker services and is enrolled as a full-time student
  - (e) a person involved with protective or court-ordered services that prevent working at least four hours per day
  - (f) a person over the age of 18 whose primary language is not English and who is attending high school at least half time
  - (g) a person who has a condition that qualifies as a specific learning disability, has a rehabilitation plan that was developed or approved by the local agency, and is following the plan
  - (h) a person whose alcohol and drug addiction is a material factor that contributes to the person's disability and who has been assessed by the county agency to determine if he or she is amenable to treatment

## **GA Ineligibility**

GA is not provided to:

- ▶ fugitive felons and parole and probation violators; or
- ▶ persons who have fraudulently misrepresented residency to obtain assistance in two or more states (GA is not provided for ten years).

**Special requirements apply to persons convicted of a felony drug offense after July 1, 1997.** The person is not eligible for GA for five years after completing his or her sentence, unless the person has successfully completed a drug treatment program or is assessed as not needing such a program. Once eligible for GA, these individuals are subject to random drug testing and are subject to losing GA eligibility for another five years after either a positive test result or completing their sentence for a subsequent drug felony conviction.

## Benefits

*GA recipients are not required to participate in employment and training services as a condition of receiving benefits.*

### GA Grants

GA recipients receive a monthly cash assistance payment, called a grant. The amount of a recipient's grant is determined by subtracting the recipient's net income from the applicable monthly GA assistance standard.

#### Monthly GA Standards for Single Persons and Childless Couples

Eligible Units	Monthly Standard
One adult	\$203
Emancipated minor	203
One adult, living with parent(s) who have no minor children	203
Minor not living with parent, stepparent, or legal custodian (with social service plan approval)	250
Married couple with no children	260
One adult, living in a medical facility or in group residential housing	97

Unlike MFIP, the GA program does not include an employment and training component. GA recipients are not required to participate in employment and training services as a condition of receiving benefits.

### Emergency General Assistance

Applicants with insufficient income or resources may be eligible for a GA grant for emergency needs, not to exceed 30 days, as long as the applicant is not a recipient of MFIP benefits and had annual net income no greater than 200 percent of the federal poverty guidelines for the previous calendar year. An individual or family may not receive EGA more than once in any 12-month period. In the case of

nonresidents, state law provides that the 30-day residency requirement is not waived when a person applies for EGA ([Minn. Stat. § 256D.02](#), subd. 12a, para. f). EGA grants may be made to the extent that funds are available. DHS allocates EGA funds to counties based on a formula in statute. No county is allocated less than \$1,000 in a fiscal year.

## **Group Residential Housing**

Individuals who are eligible for GA can also be eligible for residence in community group residential housing facilities paid for by the state or county under [Minnesota Statutes, chapter 256I](#). Group residential housing is a group living arrangement that provides at a minimum room and board to unrelated individuals. (The GA grant for a recipient who resides in a group residential housing facility is a personal needs allowance of \$97 per month.)

## **Eligibility for Other Programs**

GA recipients may be eligible for health care benefits through the MA or MinnesotaCare programs.

*GA recipients may also be eligible for health care benefits, Food Support, and MFAP.*

GA recipients who are citizens, and some who are legal noncitizens, are also generally eligible for the federal Food Support program but must make separate application for those benefits. A GA recipient who also receives food support is exempt from the Food Stamp Employment and Training (FSET) program, but may volunteer for FSET services.

Legal noncitizen recipients of GA who are not eligible for federal food support solely because of their citizenship status may be eligible for the state-financed Minnesota Food Assistance Program. (See box on page 148.)

## **Payment of Benefits**

GA grants are generally issued once per month on the first day of the month subsequent to the initial grant. For persons without a verified address, the county may issue checks on a weekly basis. Grants are paid directly to program recipients or to legally appointed guardians. In other circumstances, such as evidence of continual mismanagement of funds or drug dependency, the county may institute vendor payments. Vendor payments are payments made directly to the providers of goods and services (such as the landlord or the utility company). The county may also issue the GA grant as a “protective

payment,” that is the grant can be given to another individual to be spent on behalf of the recipient.

## **Funding and Expenditures**

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*In fiscal year  
2015 GA  
expenditures were  
\$51.4 million.*

The state pays for the costs of GA benefits.

In state fiscal year 2015 the state paid out \$51,435,727 in benefits to GA recipients. This figure does not include those residing in Group Residential Housing.

## **Recipient Profile**

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Most GA recipients are single persons (99 percent of GA recipients are single adults). Childless couples may also be eligible for GA. In state fiscal year 2015 the average monthly number of GA cases was 23,250.

# Minnesota Family Investment Program

The Minnesota Family Investment Program (MFIP) is a jointly funded, federal-state program designed to provide income assistance for eligible low-income families. MFIP replaces the Aid to Families with Dependent Children (AFDC) program, which was repealed by Congress in 1996.

## Administration

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### Congress

*MFIP is the state's response to federal welfare reform.*

With passage of the 1996 federal welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act (Pub. L. No. 104-193), Congress eliminated the federal AFDC entitlement program and replaced it with Temporary Assistance for Needy Families (TANF), a block grant program to states. Under TANF each state receives a block grant of federal funds that it must use to assist its needy families. Each state has the authority to design its own program to assist these families, although there are specific requirements in the federal TANF law that apply to all state programs.

### U.S. Department of Health and Human Services (DHHS)

DHHS administers the TANF block grant program. DHHS approves state TANF plans and monitors states' compliance with the various requirements of the federal law.

### Minnesota State Legislature

The Minnesota Legislature authorized MFIP in the 1997 session. MFIP is Minnesota's TANF program; it is Minnesota's response to the welfare reform authority granted by Congress. The program uses the state's annual federal TANF block grant<sup>8</sup> and state appropriations to provide income assistance, employment and training services, and support services to eligible Minnesota families.

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<sup>8</sup> Minnesota's annual TANF block grant amount is \$267.985 million. Of this total, \$4,550,816 goes directly to the Mille Lacs Band of Ojibwe and \$1,952,301 goes directly to the Red Lake Nation of Chippewa Indians for the operation of each tribe's separate TANF program. The remainder is available for the state to help fund its welfare reform activities, which include MFIP.

## **State Department of Human Services (DHS)**

DHS directs the operation of MFIP throughout the state by issuing implementation instructions to counties, providing training for county staff, providing other technical support to counties, and assisting in eligibility and benefits determination through its centralized MAXIS computer system.

### **Counties**

Counties administer MFIP. The county agency conducts intake and eligibility screenings, including orientations to the program. It also provides case management and assists MFIP participants in their employment and training efforts and meeting the other program requirements.

#### **Tribal TANF Programs – Separate TANF Program**

The federal TANF law authorizes American Indian tribes to apply for federal TANF funds to operate a Tribal TANF family assistance program that is separate from the state's program. Two Minnesota tribes, the Mille Lacs Band of Ojibwe and the Red Lake Band of Chippewa Indians, applied for and received federal approval to operate separate Tribal TANF programs. The programs serve TANF-eligible families where one or more of the eligible adults is a member of the Band (or in the case of the Mille Lacs Band of Ojibwe Tribal TANF program in the counties of Anoka, Hennepin, and Ramsey, a member of the Minnesota Chippewa Tribe). See Appendix VI for information about the unique features of the tribal TANF programs.

## **Eligibility Requirements**

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MFIP provides cash and food assistance, employment and training services, and related support services and transitional services to eligible low-income Minnesota families.

In order to be eligible for MFIP, a family must:

- ▶ have income and assets under the program's limits; and
- ▶ satisfy the other eligibility requirements of the federal and state laws that govern the program.



### **Who's Who in an MFIP Household**

An MFIP **caregiver** is a person who lives with, and provides care and support to, a minor child. Some caregivers must be included in the assistance unit (e.g., parents, stepparents); other caregivers may choose not to be included in the assistance unit (e.g., grandparents, other adult relatives, legal custodians).

The MFIP **assistance unit** is the group of people receiving MFIP benefits together.

An MFIP **participant** is a person who is currently receiving cash assistance or the food portion available through MFIP and may also be required to participate in employment and training services.

### **Income Limits**

**For an initial applicant** to be eligible for MFIP, family income, after all allowable deductions are made, must be below the program's family wage level for a family of like size. To make the eligibility determination, the county agency calculates an applicant's net income in two steps. First, the county subtracts all allowable disregards and deductions from the applicant's gross monthly earnings, to determine the applicant's net monthly earned income amount. These disregards and deductions include:

- ▶ the first \$65 of earned income plus one-half of the remaining earned income per month;
- ▶ actual dependent care costs paid by the applicant caregiver, up to a maximum of \$200 per month for each child under age two, and \$175 per month for each child age two or older;
- ▶ child support payments made by the applicant caregiver for the support of children not in the assistance unit; and
- ▶ an allocation for the unmet need of an ineligible spouse or child under age 21 who lives with the applicant caregiver and for whom the caregiver is financially responsible.

Second, the county adds all of the family's unearned income that is not otherwise excluded. The county compares the result to the applicable MFIP standard. If the result is at or below the standard, the family is eligible for MFIP.

### Applicable MFIP Standards

Beginning January 1999, MFIP has used two different income standards to determine eligibility. The **transitional standard** is the program's basic income standard; it applies to households that do not include an unrelated member.

The **shared household standard** is used instead of the transitional standard when an MFIP household includes an unrelated member, and that person does not meet one of several exceptions that are specified in the MFIP law (for example, a roomer or boarder).

The shared household standard is lower than the transitional standard because the cash portion of the shared household standard equals 90 percent of the cash portion of the transitional standard for a given family size. The shared household standard was repealed effective January 1, 2015.

**An eligible family's MFIP benefit is calculated by** subtracting the net earned income amount from a family wage level that is 110 percent of the transitional standard for the same size family.

If an eligible applicant family has only earned income, the county agency subtracts the net earned income amount from the family wage level for the same size family. The family's MFIP benefit is the difference between the family wage level and the net earnings, up to a maximum amount that is equal to the applicable standard for the same size family.

*An eligible family's MFIP benefit is calculated by subtracting the net earned income amount from the family wage level.*

If an eligible family has both earned and unearned income, the county takes all unearned income that is not otherwise excluded and subtracts it, either (1) from the difference calculated under the preceding paragraph if the difference is less than the applicable standard, or (2) from the applicable standard, if the difference is equal to or greater than that standard's amount. The calculated result is the family's total MFIP benefit.

If an eligible family has only unearned income, the county agency subtracts all unearned income that is not otherwise excluded from the applicable standard. The family's MFIP benefit is equal to the resulting amount.

If an eligible family has no income, the family's MFIP benefit is equal to the applicable standard.

**MFIP Monthly Income Standards  
 Effective October 1, 2015**

<b>Family Size</b>	<b>Transitional Standard</b>	<b>Family Wage Level</b>
1	\$422	\$464
2	754	829
3	991	1,090
4	1,207	1,328
5	1,395	1,535
6	1,601	1,761
7	1,744	1,918
8	1,928	2,121
9	2,109	2,320
10	2,284	2,512
over 10	add \$174 for each additional member	add \$191 for each additional member

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**\$50 Subsidized Housing Provision**

MFIP families who receive rental housing assistance through the federal Department of Housing and Urban Development (e.g., Section 8 assistance) have up to \$50 of the housing subsidy amount counted as unearned income when the family's MFIP benefit is calculated ([Minn. Stat. § 256J.37](#), subd. 3a). The following families are permanently exempt from the \$50 housing provision:

- ▶ families where the caregiver is exempt from MFIP work requirements because the person is age 60 or over, or is certified to be ill, injured, or incapacitated
- ▶ families where the caregiver is exempt from MFIP work requirements because the person is needed in the home to care for a disabled or ill household member
- ▶ families where the parental caregiver receives federal Supplemental Security Income benefits

**For an ongoing participant** to continue to be eligible for MFIP, the county calculates net family income as follows.

When calculating a family's net income, a percentage of a participant's gross income is disregarded. Beginning October 1, 2015, the earned income disregard is equal to the first \$65 of earned income plus one-half of remaining earned income.

## **Asset Limits**

To be eligible for MFIP, the equity value of all nonexcluded assets must not exceed:

*MFIP imposes asset limits of \$2,000 for new applicants and \$5,000 for ongoing MFIP participants.*

- ▶ \$2,000 for an MFIP applicant (per assistance unit); and
- ▶ \$5,000 for an ongoing MFIP participant (per assistance unit).

Certain items are excluded from these asset limits:

- ▶ ownership of a homestead, without regard to value
- ▶ up to \$10,000 trade-in value for a vehicle (up to \$7,500 combined trade-in value for all other vehicles)<sup>9</sup>
- ▶ assets used to produce income for self-support
- ▶ one burial space for each member of the MFIP assistance unit
- ▶ the value of ordinary household goods
- ▶ assets owned by a person receiving federal Supplemental Security Income (SSI) or MSA benefits
- ▶ the value of life insurance policies for members of the assistance unit
- ▶ the value of corrective payments in the month received and in the following month
- ▶ proceeds from the sale of the home (excluded for six months if another home will be purchased)
- ▶ a mobile home or vehicle if used as the home
- ▶ disaster relief funds
- ▶ tax refunds and credits (excluded in the month received and in the following month)
- ▶ savings from a minor's earnings that are set aside for future educational or employment costs

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<sup>9</sup> If a vehicle is essential to operating a self-employment business, its entire value is excluded.

- ▶ payments excluded under federal law (for example, low-income home energy assistance (LIHEAP) or AmeriCorps benefits)
- ▶ school loans and scholarships
- ▶ special funds to replace or repair assets (excluded for three months)
- ▶ amounts escrowed for business expenses
- ▶ amounts escrowed for real estate taxes and insurance
- ▶ monthly assistance payments for the current month's needs or short-term emergency needs

Beginning June 1, 2016, the equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be readily accessed without a financial penalty; and (4) one vehicle per assistance unit member age 16 or older.

## **Additional Eligibility Requirements for MFIP**

To receive MFIP, families who meet the program's income and asset limits must also:

*Among other requirements, an MFIP participant must have a minor child and assign rights to child support.*

- ▶ have a minor child in the home (or be pregnant);
- ▶ be residents of Minnesota;
- ▶ be U.S. citizens, qualified noncitizens, or noncitizens otherwise lawfully residing in the United States;
- ▶ assign rights to child support;
- ▶ have received fewer than 60 months of assistance; and
- ▶ satisfy any other eligibility requirements of the program.

This section provides more information about each of these additional requirements.

**Eligible families must have a minor child.** To receive MFIP assistance, a family must include at least one minor child or a pregnant woman.

**Eligible families must be residents of Minnesota.** A resident is defined as an individual who has been domiciled in Minnesota for at least 30 days, with the intent to remain here. As long as one member of an MFIP assistance unit meets this 30-day residency requirement, the

entire unit is considered to have met it. Time spent in a battered women's shelter counts towards this requirement.

Families facing an unusual hardship because they are without alternative shelter or without resources for food are exempt from the 30-day residency requirement. Migrant workers and their immediate families are also exempt from this requirement if the worker verifies that the migrant family earned at least \$1,000 in Minnesota within the last 12 months.

**Eligible families must be citizens of the United States, qualified noncitizens, or noncitizens otherwise lawfully residing in the United States.** Undocumented noncitizens and nonimmigrant<sup>10</sup> noncitizens are not eligible for MFIP.

The state is prohibited by the federal TANF law from using its federal block grant to pay for MFIP benefits to legal noncitizen families, unless they fall into one of the categories specified as eligible in the federal law.

*Noncitizen Eligibility for MFIP Cash Benefits.* The following table identifies the categories of noncitizens who are not eligible for MFIP, the categories for whom the state may use federal funds to provide MFIP cash benefits, and the categories for whom the state may not use federal funds, but instead use only state funds to provide MFIP cash assistance. The entry "N/A" in the table indicates categories where using state monies to provide cash assistance is not applicable, since federal TANF funds may be used to pay for the MFIP cash benefits of participants in those categories.

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<sup>10</sup> A nonimmigrant is a person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States). Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

**MFIP Cash Benefits: Noncitizen Eligibility by Source of Funds**

<b>Category of Noncitizen</b>	<b>Eligible for federally funded cash portion?</b>	<b>Eligible for state-funded cash portion?</b>
Undocumented noncitizens	No	No
Nonimmigrant noncitizens	No	No
Refugees; Asylees; Persons granted withholding of deportation; Cuban/Haitian entrants; Amerasians from Vietnam; and victims of a severe form of trafficking <sup>11</sup>	Yes	N/A
Veterans or persons on active military duty, along with their spouses and dependent children	Yes	N/A
Lawful permanent residents <sup>12</sup> who entered U.S. before 8/22/96	Yes	N/A
Lawful permanent residents who entered U.S. on or after 8/22/96	Only after have been in U.S. for five years	If federal funds can't be used, state funds may be used if certain criteria is met <sup>13</sup>
Battered noncitizen who is the spouse or child of a citizen or lawful permanent resident, and who entered U.S. before 8/22/96	Yes	N/A
Battered noncitizen who is the spouse or child of a citizen or lawful permanent resident, and who entered U.S. on or after 8/22/96	Only after have been in U.S. for five years	If federal funds can't be used, state funds may be used if certain criteria is met <sup>13</sup>
Noncitizens paroled into U.S. <sup>14</sup> for at least one year, before 8/22/96	Yes	N/A
Noncitizens paroled into U.S. for at least one year, on or after 8/22/96	Only after have been in U.S. for five years	If federal funds can't be used, state funds may be used if certain criteria is met <sup>13</sup>

<sup>11</sup> A victim of severe forms of trafficking is a noncitizen who is forced into the international sex trade, prostitution, slavery, and forced labor through coercion, threats of physical violence, psychological abuse, torture, and imprisonment. The federal Trafficking Victims Protection Act of 2000 provides that victims of severe forms of trafficking are eligible for federal public assistance benefits to the same extent as a noncitizen who is admitted into the United States as a refugee.

<sup>12</sup> A lawful permanent resident is generally a person who has a "green card," which means the person has permission to live and work permanently in the United States and can apply for naturalization after living for five continuous years in the United States.

<sup>13</sup> All lawfully residing noncitizens who are not eligible for federal funding may be eligible for state funding if they meet other eligibility criteria for state-funded cash assistance.

<sup>14</sup> A person is "paroled into the U.S." when the U.S. Justice Department uses its discretion to grant temporary admission to the United States for humanitarian, legal, or medical reasons.

Category of Noncitizen	Eligible for federally funded cash portion?	Eligible for state-funded cash portion?
Noncitizens paroled into U.S. for less than one year; Persons granted temporary permission to remain in U.S. (e.g., temporary protected status, <sup>15</sup> lawful temporary residents); Noncitizens applying for asylum	No	Yes

*Noncitizen Eligibility for MFIP Food Benefits.* MFIP benefits also include a food portion that is funded with federal SNAP dollars. (See Benefits, page 31.) As part of the 1996 federal welfare reform act, noncitizen eligibility for the federal SNAP program was severely limited; however, the 2002 Farm Bill restored eligibility for many noncitizens. Because MFIP uses federal SNAP funding, these noncitizen eligibility restrictions apply to MFIP. However, when the MFIP law was originally enacted the state opted to make legal noncitizen families who meet all other MFIP requirements eligible for the food portion, and to use only state monies to pay for the MFIP food portion for those families for whom federal SNAP funds may not be used.

The decision to use state funds to provide the MFIP food portion to noncitizen families who were not eligible for federally funded food assistance was originally enacted for limited time periods and was scheduled to sunset on June 30, 1999. However, the 1999 Legislature made permanent the provision of state-funded food assistance to noncitizen MFIP families who are not eligible for federally funded food assistance ([Minn. Stat. § 256J.11](#), subd. 2).

The following table identifies the categories of noncitizens who are not eligible for the food portion of MFIP, the categories for whom the state may use federal SNAP funds to provide MFIP food assistance, and the categories for whom the state may not use federal funds, but instead uses only state funds to provide MFIP food assistance.

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<sup>15</sup> Temporary protected status is granted to a person living in the United States who is from a designated country where conditions make it unsafe for the person to return.



**MFIP Food Portion: Noncitizen Eligibility by Source of Funds**

<b>Category of Noncitizen</b>	<b>Eligible for federally funded food portion?</b>	<b>Eligible for state-funded food portion?</b>
Undocumented noncitizens	No	No
Nonimmigrant noncitizens	No	No
Refugees; asylees; persons granted withholding of deportation; Iraqi or Afghan Special Immigrants; Cuban/Haitian entrants; Amerasians from Vietnam; and victims of a severe form of trafficking	Yes	No
Veterans or persons on active military duty, along with their spouses and dependent children	Yes	No
Immigrants who are lawfully residing in U.S. <sup>16</sup> and who are receiving federal assistance payments for blindness or disability (i.e., SSI or SSDI)	Yes	No
Immigrants who were lawfully residing in U.S. on 8/22/96 who were age 65 or older on that date	Yes	No
Immigrant children lawfully residing in U.S. who are currently under age 18	Yes	No
American Indians born in Canada who have at least 50% Indian blood and other noncitizen American Indian applicants who are members of a tribe that is eligible for U.S. programs	Yes	No
Persons lawfully residing in U.S. who were members of a Hmong or highland Laotian tribe who assisted U.S. armed forces during the Vietnam era and their spouses, dependent children, and unremarried widows/widowers	Yes	No
Lawful permanent residents, regardless of date admitted, who don't meet one of above qualifications	Only if lawfully residing in the U.S. for at least five years or have 40+ quarters of work history in U.S.	Yes, if federal funds can't be used
Battered noncitizen who is the spouse or child of a citizen or lawful permanent resident, and who doesn't meet one of above qualifications, regardless of date admitted	No	Yes
Noncitizens paroled into U.S. for at least one year, who don't meet one of above qualifications, regardless of date admitted	No	Yes
Noncitizens paroled into U.S. for less than one year; Persons granted temporary permission to remain in U.S. (e.g., temporary protected status, lawful temporary residents); Noncitizens applying for asylum	No	Yes

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<sup>16</sup> The category of "lawful permanent residents" is not the same as the category of immigrants "who were lawfully residing in the U.S." The first category covers a smaller group than the second category, because an immigrant can be lawfully residing in the United States, but not have lawful permanent resident immigration status.

The state MFIP law has two other requirements that affect a legal noncitizen's eligibility for MFIP. First, if the noncitizen has a sponsor who executed an affidavit of support, the county must deem, or count as if it were the noncitizen's, the income and assets of the noncitizen's sponsor and the sponsor's spouse in determining the noncitizen's eligibility for MFIP.

Second, in cases where a noncitizen's benefits are funded entirely with state money, the MFIP law also requires that, unless exempted, a legal adult noncitizen receiving MFIP who has been a lawful permanent resident for at least four years must make specified efforts to pursue English literacy, English as a Second Language proficiency, or U.S. citizenship in order to remain eligible for MFIP.

**Eligible families must assign rights to child and spousal support, child care support, and medical support.** MFIP participants must assign all rights to child support, spousal support, and child care support, if applicable, to the state. Families who fail to assign these rights are not eligible for MFIP.<sup>17</sup> The state distributes, or passes through, all current child support and maintenance collections to MFIP participants. The child support payments are treated as unearned income when calculating MFIP eligibility and benefit amounts. Up to \$100 in child support payments for an assistance unit with one child and up to \$200 for an assistance unit with two or more children is excluded from income. (For more information about child support, see [Minnesota's Child Support Laws: An Overview](#), House Research Department, November 2015.)

MFIP participants must also cooperate with county child support enforcement efforts. Unless the participant has a good cause exemption from cooperating, noncooperation makes the participant subject to sanctions. (See Sanctions, page 42.)

**Eligible families must have received fewer than 60 months of AFDC or MFIP assistance since July 1, 1997.** The federal TANF law sets a **lifetime limit of 60 months** for assistance units that include an adult who receives assistance using federal TANF money. Minnesota began counting participants' time on assistance towards this 60-month limit in July 1997. Most of the first families started to reach this time limit in July 2002.<sup>18</sup>

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<sup>17</sup> If an MFIP participant fails to assign rights to medical support, if applicable, to the state, the participant is not eligible for Medical Assistance (MA) benefits.

<sup>18</sup> Some families may have reached the time limit before July 2002 because they accrued months of TANF assistance in a state that implemented time limits earlier than Minnesota.

*MFIP has a 60-month lifetime limit for receiving assistance.*

The state MFIP law specifies several situations where time spent on MFIP does not count towards the 60-month lifetime limit on assistance. MFIP caregivers who are age 60 or over are exempt from the 60-month lifetime limit on assistance. For an adult who is receiving MFIP and lives in Indian country,<sup>19</sup> months when at least 50 percent of the adults in Indian country are not employed do not count towards the 60-month limit. Months when a family receives payments provided to meet short-term needs under the MFIP consolidated fund or diversionary work benefits also do not count towards the 60-month limit. (See Eligibility for Other Programs, page 33.)

For an MFIP caregiver who is a victim of family violence, months when the person is complying with a safety plan, an alternative employment plan, or a family violence waiver do not count towards the 60-month limit. (See Special Provisions for Victims of Family Violence, page 41.) Participants extended for this reason are required to participate in Family Stabilization Services and meet that program's requirements. (See below.)

For custodial parents who are under age 20, time spent on MFIP as a teen caregiver does not count towards the 60-month limit, as long as the teen complies with the program's special requirements for teen caregivers. (See Special Requirements for Caregivers Under Age 20, page 37.)

**Some families may be eligible for MFIP after they reach the 60-month limit.** An extension is when assistance is provided to families who are subject to and who reach the time limit if the family meets certain criteria. Under the federal TANF law, a state may provide TANF-funded assistance to families who have reached the 60-month limit, for up to 20 percent of the state's caseload on the basis of hardship, or if the family includes someone who has been subject to domestic violence. A state may also provide assistance to more than 20 percent of its caseload if it uses state-only funds.

The 2001 Legislature authorized the extension of assistance to certain groups of hardship cases.<sup>20</sup> Families that reach the time limit and meet the following criteria are eligible for an extension:

- ▶ **Ill or incapacitated.** Participants who are ill or incapacitated; are needed in the home to care for a household member who is ill or incapacitated; or have a household member who meets

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<sup>19</sup> Indian country is a term that is generally defined under federal law as including Indian reservations, dependent Indian communities, and Indian allotments (18 U.S.C. § 1151).

<sup>20</sup> Amended by [Laws 2003, 1st spec. sess. ch. 14](#), art. 1, §§ 54 to 60.

certain disability or medical criteria. Participants extended for this reason are required to participate in Family Stabilization Services and meet that program's requirements. (See below.)

- ▶ **Hard to employ.** Participants who are diagnosed as having a developmental disability or mental illness, and that condition severely limits the person's ability to obtain or retain suitable employment; are considered unemployable or are employable, but employability is limited due to a low IQ; or have a learning disability. Participants extended for this reason are required to participate in Family Stabilization Services and meet that program's requirements. (See below.)
- ▶ **Employed participants.** A one-parent family in which the parent is participating in work activities for at least 30 hours per week, of which an average of at least 25 hours per week are spent in employment; a two-parent family if the parents are participating in work activities for at least 55 hours per week, of which an average of at least 45 hours per week are spent in employment. To qualify, the parent in a one-parent family or both parents in a two-parent family must not have been sanctioned for at least ten out of the 12 months before reaching the 60-month time limit, including the 60th month.

In general, families who receive an extension may continue to receive MFIP assistance until the family no longer meets the extension criteria or the MFIP eligibility requirements. Families who receive an extension for the hard-to-employ or employed participants must continue to meet the MFIP employment and training requirements. Families who do not comply with the requirements are subject to a sanction.

Counties may request an extension for a category of participants that are not already extended, as long as the extension is for participants who are unable to meet MFIP requirements due to other statutory requirements or obligations. An example of such a category might be a group of participants who are required by the court to attend a chemical dependency treatment program and attendance would prevent the participant from meeting the hourly work requirements for an extension. DHS must approve a county's request to extend a category of participants and the commissioner must report the extensions to the legislature by January 15 of each year. The legislature must act in order for the extensions to continue, or the extensions granted during the previous calendar year expire on June 30.

For more information on the 60-month time limit, see *MFIP Cases Reaching the 60-month Time Limit*, House Research Department, August 2013.

### Other Special Requirements for and Prohibitions Against Eligibility

In a few special cases, the MFIP law imposes additional conditions for eligibility or prohibits eligibility altogether.

**MFIP assistance is not available for minor custodial parents, unless** they and their child live in the household of a parent, legal guardian, or other adult relative, or in adult-supervised supportive living arrangements.

**MFIP is not provided to:**

- ▶ fugitive felons and parole and probation violators; or
- ▶ persons who have fraudulently misrepresented residency to obtain assistance simultaneously in two or more states. (MFIP is not provided for ten years.)

## Benefits

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*MFIP benefits are vendor paid or come in the form of an electronic debit card, with portions for cash and food.*

MFIP benefits are based on family size, with the MFIP grant composed of a cash portion and a food portion.<sup>21</sup> Counties issue both the cash and the food portion of an MFIP family's grant in electronic debit card form, called EBT (Electronic Benefits Transfer). However, the two kinds of benefits are electronically segregated on the family's EBT card. This ensures that the family can only use the food portion of their MFIP benefit to purchase food items that are approved under the federal SNAP program, from a retailer that has been approved under that program. There are no such restrictions on the cash portion of the MFIP benefit; the family accesses these benefits through automatic teller machines (ATMs).

There are certain locations at which no person may obtain cash benefits through the use of an EBT card, including liquor stores and tobacco stores. Additionally, EBT cards cannot be used to purchase tobacco products or alcoholic beverages. EBT cardholders are also limited to using the cash portion on the EBT card in Minnesota and the surrounding states.

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<sup>21</sup> MFIP families receive the food portion of assistance as a part of the MFIP grant, instead of receiving a separate benefit through the federal SNAP program. The MFIP food portion uses the same EBT mechanism to deliver the food benefits as the SNAP program does.

A recipient found to be guilty of using an EBT card to purchase prohibited items is disqualified from receiving assistance for one year for the first offense, two years for the second offense, and permanently for the third offense.

**MFIP Assistance Standards Effective October 1, 2015**

<b>Family Size</b>	<b>Full Transitional Standard</b>	<b>Food Portion</b>	<b>Cash Portion</b>
1	\$422	\$172	\$250
2	754	317	437
3	991	459	532
4	1,207	586	621
5	1,395	698	697
6	1,601	828	773
7	1,744	894	850
8	1,928	1,012	916
9	2,109	1,129	980
10	2,284	1,249	1,035
over 10 (add for each additional member)	174	121	53

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**“Opting Out” of the Cash Portion of MFIP Grant**

The 1998 Legislature amended the MFIP law to allow an MFIP family to choose to discontinue receiving the cash portion of their MFIP grant. Once a family does not receive a cash portion of the MFIP grant, their subsequent months on MFIP do not count towards the family’s 60-month lifetime limit on assistance. However, the family still receives the other benefits of MFIP, such as the MFIP food portion and MFIP child care assistance; the other requirements of MFIP still apply to the family.

**MFIP benefits are vendor paid** for persons convicted of a felony drug offense committed during the previous ten years from the date of application. These individuals are also subject to random drug testing and are subject to sanctions in the month after a positive test result.

**MFIP benefits are issued in the form of protective payments** for minor custodial parents on MFIP; that is, the grant is paid to another individual on behalf of the minor MFIP caregiver and the minor caregiver's child.

## **Eligibility for Other Programs**

Under the old AFDC rules, MFIP participants were automatically eligible for MA benefits. However, the federal TANF law changed the eligibility requirements so that eligibility for MA is not automatic and is determined separately from MFIP eligibility. MFIP participants are eligible for MA if they meet income, asset, and other eligibility requirements that apply to families and children under MA. Families who do not meet the criteria for MA can apply for MinnesotaCare.

*MFIP participants are also eligible for MA and MFIP Child Care Assistance, or may be eligible for MFIP consolidated fund short-term assistance.*

MFIP participants who are working or otherwise involved in the employment and training services component of MFIP are eligible for assistance with their child care costs through the MFIP Child Care Assistance program.<sup>22</sup>

Counties also screen MFIP applicants to see if they are eligible for the Diversionary Work Program or other short-term assistance.

### **Diversionary Work Program (DWP)**

The 2003 Legislature established the DWP to provide short-term diversionary benefits to eligible recipients; the benefits are designed to lead to unsubsidized employment, increase economic stability, and reduce the risk of families needing longer-term assistance. Families who meet the DWP eligibility requirements are prohibited from receiving MFIP assistance. However, counties may provide supportive and other allowable services funded by the MFIP consolidated fund. Eligibility for DWP is limited to a maximum of four consecutive months once in a 12-month period.

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<sup>22</sup> Families who leave MFIP due to either an increase in income from earnings or an increase in child or spousal support payments may be eligible for 12 months of child care assistance through the Transition Year Child Care Assistance program.

All families who apply and are eligible for MFIP must first participate in the DWP, with certain exceptions. To be eligible for DWP, participants must:

- ▶ cooperate with child support enforcement;
- ▶ provide the Social Security numbers of all family members; and
- ▶ develop an employment plan.

All DWP caregivers must participate in a DWP employment plan, except caregivers who meet certain criteria.

A family's eligibility for DWP cash benefits is based on the number of persons in a family unit, the family maintenance needs, personal needs allowance, and countable income. Housing and utilities must be vendor paid. The minimum cash benefit amount is \$10 per month. Counties must convert or refer participants to MFIP if the county determines that a participant is unlikely to benefit from DWP.

The goal of DWP is to divert families from MFIP by providing short-term assistance and intensive employment services. A family receiving DWP may also receive SNAP, but is ineligible for MFIP during the period of time covered by DWP.<sup>23</sup>

### **MFIP Consolidated Fund Short-Term Benefits**

The MFIP consolidated fund allows for short-term nonrecurring shelter and utility needs to be expended for eligible families. Eligibility requirements include presence of a minor child in the household and income below 200 percent of the federal poverty guidelines. Counties must give priority to families currently receiving MFIP, DWP services, or Family Stabilization Services.

### **Family Stabilization Services**

In 2007, the legislature established the Family Stabilization Services program to serve families who are not making significant progress within the regular employment and training track of MFIP due to a variety of barriers to employment. Participants in MFIP or DWP may be eligible for Family Stabilization Services if the participant meets the hardship extension requirements for MFIP (but is not approaching the 60th month of MFIP participation), has applied for Supplemental

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<sup>23</sup> The months during which a family receives DWP benefits do not count toward the MFIP 60-month time limit.



Security Income or Social Security disability insurance, is a noncitizen in the United States for 12 or fewer months, or is age 60 or older.

Family Stabilization Services are provided through the county agency or employment services provider. If a participant already has a case manager through social services, disability services, or housing services, that case manager may also be the case manager for family stabilization services. A family stabilization plan must be established for each participating family in conjunction with the participant.

### **Transitional Assistance**

Prior to December 1, 2014, a work participation bonus was available for employed participants leaving the MFIP or DWP. Families were eligible for a transitional assistance payment of \$25 per month to assist them in meeting their family's basic needs. Transitional assistance payments were available for up to 24 consecutive months and did not count towards the MFIP 60-month time limit. Transitional assistance payments were suspended effective December 1, 2014.

### **Housing Assistance Grants**

Beginning July 1, 2015, MFIP assistance units are eligible for a housing assistance grant of \$110 per month unless:

- (1) the housing assistance unit is currently receiving public and assisted rental subsidies provided through the federal Department of Housing and Urban Development and is subject to the \$50 subsidized housing provision; or
- (2) the assistance unit is a child-only case.

## Other MFIP Features and Requirements

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### Employment and Training

*MFIP participants must spend a specified number of hours every week in work or other work activity.*

MFIP is designed to be a welfare program “expecting, supporting, and rewarding work.”<sup>24</sup> MFIP caregivers are required to spend a specified number of hours per week engaged in work or other work activity.<sup>25</sup> For example, a caregiver who is in the initial job search step of MFIP’s employment and training component is expected to spend an average of 30 hours per week, for six weeks, in job search activities.

During the other steps of the MFIP employment and training process, a single-parent family with at least one child under age six must participate in at least 87 hours of work activities per month; a single-parent family with no children under age six must participate in at least 130 hours of work activities per month; and a two-parent family must participate in at least 55 hours per week (hours are combined).

Both single- and two-parent families are required to meet the program’s work requirements within one month of receiving the first MFIP grant.

MFIP has special requirements for custodial parents who are under age 20 and lack a high school diploma or its equivalent. These requirements begin when a teen parent receives the first MFIP monthly grant. (See Special Requirements for Caregivers Under Age 20, page 37.)

### Employment and Training Services Providers

The MFIP law allows counties to choose from among three types of employment and training services providers: agencies with which a county has contracted to provide employment and training services; a county agency that has opted to provide employment and training services as its own provider; and a local public health department that a county has designated to provide employment and training services.

Each county, or group of counties working cooperatively, must offer MFIP employment services participants a choice of at least two employment and training providers, unless doing so would be a financial hardship for a county. A county may choose to provide

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<sup>24</sup> From the DHS flyer Minnesota Family Investment Program (publication DHS-3179-ENG).

<sup>25</sup> Some caregivers are exempt from employment and training services requirements.

*Counties  
provide  
employment and  
training services  
to MFIP  
participants.*

services on its own as one of these providers. A county can also meet this provider choice requirement by using a workforce center<sup>26</sup> that uses multiple employment and training services and offers multiple service options as its employment and training services provider.

In two-parent MFIP families, each parent must choose the same employment and training services provider, unless a parent has an identified special need that is not available through the provider being used by the other parent.

## **Employment and Training Services Process for MFIP Participants**

MFIP participants must participate in MFIP employment and training activities or face the possibility of a sanction (see page 42).

The county's employment and training service provider (whose staff are generally called "job counselors") first provides an overview of the employment and training component of MFIP. The job counselor then conducts an assessment of an MFIP participant's ability to obtain and retain employment. If the job counselor's opinion is the person is likely to be able to obtain unsubsidized employment, the person is required to conduct up to three months of job search, at 30 hours per week,<sup>27</sup> and accept any offer of suitable employment.<sup>28</sup> Employment plan activities and hourly requirements may be adjusted, as necessary, to accommodate the personal and family circumstances of participants. Employment plans must be reviewed every three months.

## **Special Requirements for Caregivers Under Age 20**

### **Individual Assessment Required**

The employment and training requirements are different if the MFIP caregiver is a custodial parent under age 20. Within a month of receiving MFIP benefits the county must document the teen caregiver's educational level. If the teen has not obtained a high

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<sup>26</sup> A workforce center brings together state, county, and private nonprofit employment and training-related services under one roof, to provide a seamless and comprehensive system for job seekers and employers. There are 48 workforce centers throughout the state.

<sup>27</sup> In a two-parent family, the job search requirement is 30 hours per week for each parent.

<sup>28</sup> MFIP defines "suitable employment" as work that is within the person's physical and mental abilities, pays at least minimum wage, meets applicable health and safety standards, and complies with antidiscrimination laws.

school diploma or its equivalent, the county must also assess the teen's educational progress and needs, unless the caregiver is exempt from attending school or has chosen to have an employment plan. The purpose of this individual assessment is to identify an appropriate educational option for the teen. If the teen caregiver is a minor, the county social services agency conducts this assessment. If the teen caregiver is 18 or 19 and chooses to have an employment plan with an education option, the job counselor conducts this assessment (unless the county opts to have the county social services agency conduct this assessment for these older teens).

### **Education Is Teen's First Option**

*In most cases, education is the first priority for teen MFIP caregivers.*

If the individual assessment identifies an appropriate educational option for the teen, the teen caregiver's employment plan must require the teen to complete the educational option as the teen's first goal.

The MFIP law requires an MFIP caregiver who is a custodial parent under age 20 and who has not yet obtained a high school diploma or its equivalent to attend high school or another equivalent training program. If this is the case, the 60-month MFIP limit stops while the teen pursues his or her education. A teen caregiver who does not attend school faces the possibility of a sanction (see page 42), unless one of a limited number of exemptions applies:

- ▶ transportation to attend school is unavailable
- ▶ appropriate child care is unavailable
- ▶ the teen caregiver is ill or incapacitated seriously enough to prevent attending school
- ▶ the teen caregiver is needed to care for an ill or incapacitated household member (including a child under six weeks of age)

### **Employment and Training When Education Is Not Appropriate**

The individual assessment may indicate that an MFIP teen caregiver does not have an appropriate educational option, even though the teen lacks a high school diploma. If the teen is age 18 or 19, the general MFIP employment and training services requirements apply, and the job counselor and teen must develop an employment plan. If the teen is under age 18, the teen must be referred to the county's social

services agency, where a plan for the teen parent and child must be developed.<sup>29</sup>

If an MFIP caregiver is a custodial parent who is under age 20 and has a high school diploma or its equivalent, the general MFIP employment and training services requirements apply. However, a county may opt to have a social services agency conduct the required initial assessment and complete the job search support or employment plan.

## What Counts as Work

In MFIP, a work activity is “any activity in a participant’s approved employment plan that leads to employment” ([Minn. Stat. § 256J.49](#), subd. 13). The statute also specifies that this includes activities that meet the definition of work activity under the participation requirements of TANF. (See Appendix V for a discussion of the federal work requirements.)

Job search activities, and all of the activities in a person’s employment plan, count as work activities for the purpose of meeting the MFIP hourly work requirements. The MFIP definition of work activity includes, but is not limited to, any of the following nine activities:

1. Unsubsidized employment, including work study and paid apprenticeships or internships
2. Subsidized private or public sector employment, including grant diversion, on-the-job training, paid work experience, and supported work
3. Uncompensated work experience, including the community work experience program, community service, and uncompensated apprenticeships or internships
4. Job search, including job readiness assistance and job-related counseling
5. Job readiness education, including English as a second language, general educational development course work or adult high school diploma, high school completion, and adult basic education
6. Job skills training directly related to employment, including postsecondary education and training that can reasonably be expected to lead to employment

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<sup>29</sup> An 18- or 19-year-old custodial parent who has been receiving services from a social services agency, and who does not yet have a high school diploma, may choose whether to continue to receive services from the social services agency or to instead use an employment and training services provider ([Minn. Stat. § 256J.54](#), subd. 2).

7. Providing child care services to a participant who is working in a community service program
8. Activities included in the employment plan
9. Pre-employment activities, including chemical and mental health assessments, treatment, and services; learning disability services; child protective services; family stabilization services; or other programs designed to enhance employment

Generally, MFIP is designed to give the job counselor a great deal of discretion in approving activities for inclusion in a participant's job search support plan or employment plan. However, the 2003 Legislature limited that discretion by providing that English as a second language classes are an approved work activity only for participants who are below a specified level on a nationally recognized test ([Minn. Stat. § 256J.531](#), subd. 2).

### **Postsecondary Education as a Work Activity**

Participants who are interested in pursuing postsecondary education or training as part of their employment plan must discuss their plans with their job counselor. Job counselors must work with participants to evaluate options by:

1. advising whether there are suitable employment opportunities that require the specific education or training in the area in which the participant resides or is willing to reside;
2. assisting the participant in exploring whether the participant can meet the requirements for admission into the program; and
3. discussing the participant's strengths and challenges based on the participant's MFIP assessment, previous education, training, and work history.

These requirements do not apply to participants who are in:

1. a recognized career pathway program that leads to stackable credentials;
2. a training program lasting 12 weeks or fewer; or
3. the final year of a multiyear postsecondary education or training program.

The MFIP law also requires a participant for whom a postsecondary education or training program has been approved to maintain satisfactory progress in the program.

*Postsecondary education under MFIP is limited to four years.*

Under MFIP, postsecondary education is limited to four years ([Minn. Stat. § 256J.53](#)).

A person who has completed a postsecondary education or training program and does not meet the work participation requirements must complete three months of job search. If at the end of three months the person has not found a job that is consistent with the person's employment goal, the person must accept any offer of suitable employment, or meet with the job counselor to revise the employment plan to include additional work activities necessary to meet hourly requirements.

### **Exception from Employment and Training Requirements**

There is only one exception from the requirement to participate in the MFIP work requirements. This exception applies to families with a child under 12 months of age. The exception is available only once in a lifetime and applies to any child born to the family.

All MFIP caregivers must participate in employment services ([Minn. Stat. § 256J.561](#)). Employment plans must meet specified requirements, contain allowable work activities, and include a specified number of participation hours. Minor caregivers and caregivers who are under age 20 who have not completed high school or obtained a GED must meet specified requirements. A participant who has a family violence waiver shall develop and comply with an employment plan that may address safety, legal, or emotional issues, and other demands on the family as a result of the family violence. Employment plans for participants who meet certain other criteria must be tailored to recognize the special circumstances of these caregivers and families.

### **Special Provisions for Victims of Family Violence**

An MFIP caregiver who is a victim of family violence may have the regular MFIP work requirements waived if the county agency has approved the person's employment plan and the person is complying with the plan.

The primary purpose of an employment plan for a victim of violence is "to ensure the safety of the caregiver and children" ([Minn. Stat. § 256J.521](#), subd. 3). It may address safety, legal, or emotional issues and other demands on the family as a result of the family violence. A victim of family violence is not automatically deferred or exempt from regular MFIP work requirements. It is up to the job counselor and a

person trained in domestic violence to determine whether participation in work requirements would compromise the safety of the caregiver and children.

## Sanctions

*MFIP participants who do not comply with program requirements may be sanctioned through reduction or elimination of their monthly grant.*

Another important feature of MFIP is its sanctions. The program has requirements that participants are expected to follow, such as attending the MFIP orientation, cooperating with child support enforcement efforts, developing and following the job search support plan or employment plan, and accepting an offer of suitable employment. A participant who does not follow a program requirement faces a sanction for noncompliance until one month after the participant comes into compliance with the requirements.

In general, for the first occurrence of noncompliance, the family's monthly grant is reduced by an amount that is equal to 10 percent of the transitional standard for a family of that size. (See page 32 for a table listing the MFIP transitional standard by family size.) For a second, third, fourth, fifth, or sixth occurrence of noncompliance, the family's shelter costs are vendor paid up to the amount of the family's cash portion of their MFIP grant. (A county may opt to also vendor pay the family's utilities as part of this sanction.) Any remaining cash portion of the grant, and the food portion of the family's MFIP grant, is reduced by an amount equal to 30 percent of the applicable standard for a family of that size. Once a family's cash portion is being vendor paid as a result of a sanction, the vendor payments stay in effect until six months after the participant returns to compliance with MFIP requirements.

For a seventh occurrence of noncompliance by a participant in an assistance unit, or when the participants in a two-parent assistance unit have a total of seven occurrences of noncompliance, the county agency is required to close the MFIP case, both the cash and food portions, and redetermine the family's continued eligibility for food support payments. The case must remain closed for a minimum of one full month.

Sanctions for participants who are receiving an extension follow the same sequence, except the family is disqualified for a fourth occurrence of noncompliance. The disqualified family may reapply for MFIP after the participant is in compliance for up to one month, but no assistance is paid during that month. If a disqualified participant reapplies for MFIP and has a second occurrence of noncompliance, the participant is permanently disqualified.



The MFIP law provides for slightly different levels of sanctions if the participant is being sanctioned for refusing to cooperate with child support requirements, or if the participant faces a dual sanction for refusing to cooperate with child support requirements as well as failing to comply with other program requirements. In all cases, each month that a participant does not follow a program requirement is considered a separate occurrence of noncompliance.

## **Funding and Expenditures**

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*Total MFIP expenditures were nearly \$298 million in fiscal year 2014.*

MFIP is funded with a combination of federal funds and state appropriations. The TANF block grant for each state is based on the state's historical expenditures for AFDC, JOBS (the old AFDC work and training program), and AFDC emergency assistance. Minnesota received approximately \$268 million<sup>30</sup> annually in TANF block grant funding in federal fiscal years 1998 to 2015. The state legislature must appropriate federal TANF funds before the state can spend them.

Under the federal TANF law, a state must also spend its own resources to provide assistance to needy families. The federal law includes a maintenance of effort (MOE) provision that requires a state to spend 75 percent to 80 percent of the amount it spent in federal fiscal year 1994 under its old AFDC and related programs, including child care assistance to eligible families.<sup>31</sup>

In 2001, the legislature placed two-parent MFIP families in a separate state program, which means that assistance paid to these families is paid for using state-only dollars. Previous to TANF's reauthorization under the Deficit Reduction Act (DRA) of 2005, these two-parent families were not included in the federal two-parent family work participation rate of 90 percent. This resulted in a reduction of the state's required MOE from 80 percent to 75 percent. With the passage of the DRA, these two-parent families were included in work participation rates. In response, the legislature in 2006 moved two-parent families to a new program that is no longer used for TANF/MOE purposes. In state fiscal year 2014, the required minimum MOE amount was \$176.7 million per year. The state currently uses general fund spending on MFIP cash assistance benefits, MFIP and Basic Sliding Fee Child Care, and the state working family

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<sup>30</sup> Minnesota's TANF block grant amount is \$267.985 million each year. Of this amount, \$4,550,816 is allocated directly to the Mille Lacs Band of Ojibwe and \$1,952,301 goes directly to the Red Lake Nation of Chippewa Indians for the Tribal TANF programs. This leaves the state with an effective annual block grant of \$261.482 million.

<sup>31</sup> 42 U.S.C. § 609 (a)(7).

tax credit, as well as general fund spending on state and county administrative costs and employment services, to meet its TANF/MOE requirement.

According to DHS, for state fiscal year 2014, total expenditures for MFIP and DWP were \$297.4 million. Expenditures were \$151.5 million for the cash portion of the grants and \$144.5 million for the food portion. In addition, \$809,186 in state general funds were expended on the work participation bonus in fiscal year 2014. Of the total, \$69.0 million was financed with federal TANF funds, \$144.5 million was from federal SNAP funds, and \$83.9 million was from state appropriations.

**Fiscal Year 2014 MFIP Funding**

<b>TANF</b>	<b>SNAP</b>	<b>General Fund</b>	<b>Total</b>
\$69,000,000	\$144,500,000	\$83,900,000	\$297,400,000

The federal American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) included a new emergency contingency fund for the TANF program. Funds were made available in fiscal year 2009 and 2010 to make grants to states in three areas: cash assistance caseload increases, nonrecurring short-term benefits, and expenditures for subsidized jobs. The fund reimbursed states for 80 percent of the increased expenditures on basic assistance, nonrecurring short-term benefits, and/or subsidized employment. There was no state match or new MOE requirement for this fund. In addition, there was a two-year hold harmless to the caseload reduction credit to assist states in meeting work participation rates. Minnesota received \$80.5 million in additional TANF funding through the emergency contingency fund.

## Recipient Profile

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*A monthly average of 93,995 people got MFIP assistance in fiscal year 2015.*

In fiscal year 2015, a monthly average of 93,995 people were receiving MFIP assistance. According to DHS, in December 2014 about 57.6 percent of these MFIP cases had one eligible parent, about 10.3 percent had two eligible parents, and about 32.1 percent were cases with no eligible parent in the household.<sup>32</sup>

The average family size among MFIP participants is about 2.8 people. About 72.8 percent of MFIP families have two or fewer children.

A large majority of MFIP caregivers are 20 years old or older. In December 2014 about 8.6 percent of MFIP families were headed by an eligible parent who was under age 20.

Most MFIP families (about 63 percent) live in the Twin Cities metropolitan area. And most MFIP caregivers (about 61 percent) have at least a high school diploma or GED certificate.

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<sup>32</sup> Examples of situations where no eligible parent is included in an MFIP case are: the parent receives Supplemental Security Income (SSI) and is not included in the MFIP grant; it is a child-only case where MFIP benefits are paid only for a child in the household.

# Minnesota Supplemental Aid

Minnesota Supplemental Aid (MSA) is a state program that provides supplemental cash assistance to aged, blind, and disabled persons who are SSI recipients, or who would qualify for SSI except for excess income.

## Administration

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### Congress

*MSA provides a required income supplement to the needy aged, blind, and disabled people who previously received higher benefits from various federal programs.*

When Congress established the Supplemental Security Income (SSI) program (see SSI, page 54), it mandated that states supplement the payments of SSI recipients who had previously received higher benefits under the former Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Disabled (AD) programs. The MSA program delivers this mandated supplement to Minnesota recipients of SSI. Congress also offered states the option of supplementing the income of two other groups: (1) SSI recipients who had not received OAA, AB, or AD and (2) those who would have qualified for the former programs but are ineligible for SSI due to excess income or resources. Minnesota offers both optional supplements to Minnesota residents through the MSA program.

Congress has set general SSI program requirements for citizenship, disability determinations, and resource limits.<sup>33</sup> States with state-administered supplement programs, such as Minnesota, set their own eligibility requirements within the general framework of the federal requirements.

### Minnesota State Legislature

The legislature established the MSA program in the [Laws of Minnesota 1974, chapter 487](#). The state law was revised in 1989 as the Minnesota Supplemental Aid Act and is codified at [Minnesota Statutes, sections 256D.33 to 256D.54](#). The state law includes:

- ▶ application procedures;
- ▶ eligibility requirements, such as real and personal property limitations and income limits; and
- ▶ standards of assistance and methods of payment.

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<sup>33</sup> States with federally administered supplement programs must adhere strictly to these requirements.

## State Department of Human Services (DHS)

DHS supervises program administration. DHS maintains MAXIS, which is the centralized computer system for determining an applicant's eligibility for MSA and MSA grant amounts. DHS also assists counties in MSA administration by providing them with technical assistance on eligibility requirements and other program components.

### Counties

The counties administer the MSA program. The county human services agency, through the MAXIS computer system, determines if an individual meets the state's eligibility requirements and calculates the amount of each recipient's MSA cash grant.

## Eligibility Requirements

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*An elderly, blind, or disabled individual qualifies for MSA if his or her income and assets are below the limits established by the state legislature and DHS.*

MSA helps the aged, blind persons of all ages, and disabled persons age 18 or older, whose income and resources are insufficient to meet the costs of their basic needs. An aged, blind, or disabled individual qualifies for MSA if his or her income and assets are below the limits established by the state legislature and DHS.

### Income Limits

Under the direction of the Minnesota Legislature, DHS limits eligibility based upon maximum income levels for MSA recipients. The limits apply both to earned and unearned income.

To be financially eligible for MSA an individual must meet both a gross monthly income test and a net monthly income test. ("Gross monthly income" means a household's total nonexcluded income, before any deductions have been made. "Net monthly income" means gross income minus all deductions allowed by the program.)

To be eligible for MSA, the applicant must have **gross** income no greater than 300 percent of the SSI federal benefit rate (600 percent for a married couple). In calculating an applicant's gross income, state law also specifies that the MSA program excludes the same sources of

income that the federal SSI program excludes in determining SSI eligibility.<sup>34</sup>

In addition, the applicant's **net** income must also be below the MSA benefit standards in order for the applicant to be eligible for MSA. (See assistance standards under Benefits, page 51.) The applicant's net monthly income is calculated by subtracting all of the applicable allowed income disregards and deductions from the applicant's gross monthly income.

In calculating net income for individuals who are SSI recipients, the county agency counts the full amount of their SSI federal benefit rate as gross unearned income. The county then allows for a \$20 general income disregard.

For individuals who are not SSI recipients, the net monthly income calculation depends upon whether the individual lives in a long-term care facility where the Medical Assistance program (see MA, page 63) pays the cost of care. For these applicants the following disregards and deductions are calculated:

- ▶ a deduction for guardianship fees to a legally appointed guardian or conservator, up to 5 percent of the person's monthly gross income to a \$100 maximum
- ▶ allocations allowed under the MA program for long-term care facility residents

For all other MSA applicants the county disregards or deducts the following amounts to calculate the applicant's net monthly income:

- ▶ for blind and disabled students under age 22, an earned income disregard of up to a maximum of \$1,780 per month, not to exceed \$7,180 in a calendar year
- ▶ a \$20 general income disregard
- ▶ \$65 of earned income; if both spouses are recipients, the disregard is \$65 of the couple's combined earned income
- ▶ an impairment-related work expense deduction for disabled individuals
- ▶ one-half of the remaining earned income

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<sup>34</sup> Income exclusions include an earned income exclusion, impairment related work expenses of the disabled and work expenses of the blind, income set aside or being used to pursue a plan for achieving self-support by a disabled or blind individual, state or locally funded assistance based on need, certain rent subsidies and the value of SNAP benefits, and certain infrequent or irregularly received income.

- ▶ income set aside by a disabled or blind recipient (for up to 36 months) under an approved plan to achieve self-support (PASS)
- ▶ a limited work expense deduction for disabled or blind recipients

## Asset Limits

*In addition to being financially needy and aged, blind, or disabled, MSA recipients must live in Minnesota and be U.S. citizens or eligible noncitizens.*

Federal and state law and regulations also set the value of assets an individual may possess and be eligible for the MSA program. A single MSA recipient can have no more than \$2,000 in net counted assets after all allowable exclusions. A married couple can have \$3,000 in net counted assets.<sup>35</sup> Certain assets are excluded from consideration in calculating the value of an applicant's assets. Examples of excluded assets are the following:

- ▶ the value of the homestead, if it is owned and occupied by the recipient or the recipient's spouse
- ▶ the value of one vehicle per household is totally excluded
- ▶ certain assets used for self-support (such as liquid assets used in a trade or business necessary for the person's ability to earn income)
- ▶ one burial space for each eligible person and each member of that person's immediate family; up to \$1,500 in burial funds for recipient and recipient's spouse

State regulation also excludes household goods and personal effects up to a value of \$2,000. For a complete list of asset limits, see Appendix I.

Beginning June 1, 2016, for individuals who are not SSI recipients, the equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be readily accessed without a financial penalty; and (4) one vehicle per assistance unit member age 16 or older.

If an applicant's net counted assets exceed the limits, he or she is not eligible for MSA. State regulations prohibit an applicant from transferring property for less than adequate compensation in order to

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<sup>35</sup> For persons who reside in a long-term care facility where the MA program pays the cost of care, the MA program's asset provisions and limits apply.

qualify for MSA. Property thus transferred is presumed available for the applicant's support.

### **Additional Eligibility Requirements**

In addition to financial need, the following conditions must be present to establish eligibility. An MSA recipient must also be:

- ▶ a recipient of SSI; or be eligible for SSI except for excess income and be:
  - aged—defined as those age 65 or older;
  - blind—defined as having vision no better than 20/200 with glasses or a limited visual field of 20 degrees or less. There is no age requirement for this basis of eligibility; or
  - disabled—a person must have a disability within the meaning of the federal Social Security Act, Title II. The person must be 18 years of age or older, and must be unable to work and support him or herself because of a permanent and total physical or mental impairment.

- ▶ a citizen of the United States

Noncitizens may be eligible under some circumstances. However, undocumented immigrants, and noncitizens who are in the United States legally on a temporary basis and are not immigrants, are not eligible for MSA. Persons who are not eligible for the federal SSI program because of their noncitizen status are also not eligible for MSA.

- ▶ reside in Minnesota

The MSA grant is canceled whenever a recipient is absent from the state for one calendar month or more.



## Benefits

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### MSA Monthly Cash Grant

*MSA recipients receive a monthly cash grant to supplement their income.*

MSA recipients receive a monthly cash grant to supplement their income. The amount of the MSA grant is computed by subtracting an individual's net monthly income from the MSA assistance standard that applies to the recipient. A county may set higher standards than the state, as long as the county pays the additional costs.

Certain MSA recipients are only eligible for a monthly personal needs allowance of \$97. MSA recipients who receive this personal needs allowance are the following:

- ▶ individuals who receive a monthly SSI benefit of \$30 because they live in a long-term care facility
- ▶ individuals who live in a nursing facility or other medical facility where the MA program (see MA, page 63) pays the cost of care
- ▶ blind children who meet certain requirements

#### MSA Assistance Standards (Before income deductions)

Type of Recipient	2015 Monthly Assistance Standard
Individual recipient living alone	\$794
Individual recipient living with others	\$581
Married couple, both receiving MSA prior to 1/1/94	
- living with others	\$1,060
- not living with others	\$1,206
Married couple, both found eligible for MSA after 1/1/94 -	
living with others	\$797
- not living with others	\$1,191
Individual eligible for personal needs allowance only	\$97

For some MSA recipients with special needs, their MSA assistance standard also includes amounts for these ongoing special needs.

Examples of ongoing "special needs" that are recognized by the program are prescribed diets, guardian or conservator service fees, representative payee service fees, and restaurant meals. Disabled recipients who are under age 65, are otherwise eligible for MSA; are relocating into the community from a residential facility; and are

considered “shelter-needy”<sup>36</sup> receive an additional amount to help cover housing costs.

Monthly MSA cash grants are paid directly to program recipients, except for persons in institutional settings. The county may also make payments to a protective “representative payee” instead of the recipient if the recipient cannot manage his or her funds. The representative payee may be any person or agency concerned with the recipient’s welfare.

## **Nonrecurring Special Needs**

The MSA program also makes available additional cash payments for a recipient’s nonrecurring special needs such as necessary home repairs and necessary repairs or replacement of essential furniture or appliances.

## **Emergency Assistance**

MSA recipients and individuals presently residing in Minnesota who meet all MSA eligibility requirements may receive emergency general assistance to meet emergency needs. Receipt of emergency general assistance is limited to once in a 12-month period. “Emergency need” is defined as a need that threatens the person’s health or safety. Individuals must apply all available resources, even those normally excluded, toward the emergency. Emergency general assistance is limited to available funding. DHS allocates funds to counties. No county receives less than \$1,000 in a fiscal year.

*MSA recipients may also be eligible for MA and other social services.*

## **Eligibility for Other Assistance Programs**

- ▶ Medical Assistance (also called Medicaid or MA). All MSA recipients are eligible for services available through the state’s MA program. (See MA, page 63)
- ▶ Social Services. State laws mandate that certain social services be available to MSA recipients.

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<sup>36</sup> Shelter-needy means that the recipient’s monthly housing costs are more than 40 percent of his or her gross income.

## **Funding and Expenditures**

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*MSA expenditures were \$37.1 million in fiscal year 2015.*

The state finances MSA grants with general fund appropriations.

In state fiscal year 2015, the state spent \$37,066,951 to supplement the income of aged, blind, and disabled persons through the MSA program. A monthly average of 30,441 individuals received MSA in state fiscal year 2015.

## **Recipient Profile**

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Of all MSA recipients, about 16 percent are aged, less than 1 percent are blind, 77 percent are disabled, and 6 percent are non-SSI eligible.

# Supplemental Security Income

Supplemental Security Income (SSI) is a federal program that provides cash assistance to needy aged, blind, and disabled persons.

## **Administration**

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### **Congress**

*SSI replaced individual federal programs that provided assistance to the elderly, blind, and disabled.*

Congress established SSI as Title XVI of the Social Security Act. The program went into effect on January 1, 1974. SSI replaced the former federal-state programs for Old Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Disabled (AD) authorized by Titles I, X, and XIV of the Social Security Act. Title XVI sets uniform, nationwide standards for administration of SSI. The law defines “old age,” “blindness,” and “disability,” establishes income and resource limits, sets income exclusions and disregards, mandates certain state supplementation and allows other optional supplements, and provides a process for the hearing, appeal, and review of disputed cases.

### **Social Security Administration (SSA)**

The SSA became an independent agency on March 31, 1995. It has responsibility for administering the Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. SSA also administers the Medicare and Black Lung programs.

The SSA sets uniform, nationwide standards for administration of SSI. The law establishes specific program regulations, including residence and citizenship requirements. These regulations are contained in the Code of Federal Regulations (CFR) Title XX.

The local offices of the SSA administer SSI in the states. The local offices determine if an applicant is eligible for benefits, determine the amount of the grant, and authorize the payment.

## Eligibility Requirements

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SSI assists aged, blind, or disabled adults and blind or disabled children whose income and resources are insufficient to meet the costs of their basic needs. An individual qualifies for SSI if his or her income and assets are below the limits established by Congress.

### Income Limits

In order to qualify for SSI, an individual's net income, after all allowed income disregards and exclusions are applied, must be below the maximum monthly SSI benefit. (Refer to the Benefits section on page 57 for these maximums.) The maximum monthly benefit is uniform nationwide and is increased each January based upon a formula in the Social Security Act.

In determining eligibility, both income received as a direct result of work activities (called "earned income") and income obtained from other sources (e.g., gifts or pensions, called "unearned income") are counted against the maximum monthly benefit. When counting income, the government disregards the first \$20 of most income received in a month and the first \$65 of earned income, plus half of remaining earnings received in a month. Income received from certain sources, such as most scholarship funds and certain federal housing payments, is exempt from the limits.

Disabled recipients who work and who lose eligibility for regular SSI and Medical Assistance (MA) because of increased earnings may, in most instances, receive MA and cash benefits under special provisions designed to assist working persons with a disability.

### Asset Limits

Federal law also sets the value of assets an individual may possess and be eligible for SSI. "Assets" include the following:

**Real property.** The value of a homestead is excluded.

**Personal property.** An individual may own a car and have its value totally excluded as long as it is used for transportation of the recipient or a member of the recipient's household.

**Liquid assets.** The value of liquid assets, such as cash-on-hand, savings, stocks, trusts, and other investments cannot exceed \$2,000 for a single individual and \$3,000 for a married couple.

The value of household goods and personal effects (up to an equity value of \$2,000) is excluded from the resource limits. Federal law allows an individual to sell excess resources to qualify for SSI.

## **Additional Eligibility Requirements**

In addition to financial need, the following conditions must be present to establish eligibility. An SSI recipient must:

*In addition to being financially needy, SSI recipients must be U.S. citizens or noncitizens meeting certain criteria and cannot reside in public institutions.*

- ▶ **be a citizen residing in the United States or a lawful permanent resident who has, or can be credited with, 40 qualifying quarters of work;**<sup>37</sup>

The federal welfare reform act placed limitations on the provision of SSI benefits to legal noncitizens. These limitations were partially offset by provisions passed in the Balanced Budget Act of 1997. Together, the two acts provide that:

1. Legal noncitizens who received SSI benefits on August 22, 1996, will continue to receive SSI benefits. Legal noncitizens residing in the United States on that date who later become disabled will be eligible for SSI; and
2. Refugees, asylees, and aliens whose deportation has been withheld, Cuban or Haitian entrants, victims of trafficking, or Amerasian immigrants will be eligible for SSI and MA for seven years after entering the United States.

- ▶ **not reside in a public institution;**

Certain health and publicly operated community facilities covered by the Medicaid program are exempt from this provision.

- ▶ **be one of the following:**

**Aged.** Federal law defines the “aged” as those age 65 or older.

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<sup>37</sup> The exceptions to this requirement are: (1) active duty members of the U.S. Armed Forces or an honorably discharged veteran; or a spouse or dependent child of an active duty member or an honorably discharged veteran; (2) American Indians born in Canada or American Indians who are members of a federally recognized tribe; (3) legal noncitizens who received SSI benefits on August 22, 1996; and (4) refugees, asylees, aliens whose deportation has been withheld, Cuban or Haitian entrants, victims of trafficking or Amerasian immigrants.

**Blind.** Federal law defines “blindness” as vision no better than 20/200 with glasses or tunnel vision—a limited visual field of 20 degrees or less.

**Disabled.** For adults, federal law defines “disability” as a physical or mental impairment that prevents a person from engaging in any “substantial gainful activity.” For adults, the condition must have lasted or be expected to last at least 12 months or result in death.

The welfare reform act established a new, more stringent definition of disability for children. Under this definition, a child is considered to be disabled if he or she has a medically determined physical or mental condition that “results in marked and severe functional limitations” and “can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.” The act also required related changes in the federal rules specifying the methodology used to determine whether a child meets the definition of disability.

## Benefits

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### SSI Monthly Benefit

SSI recipients receive monthly cash payments from the federal government. The monthly cash payment is calculated by subtracting the individual’s net available income (i.e., after applying the SSI income disregards and exclusions noted in the Eligibility Requirements section) from the maximum monthly SSI benefit. The maximum monthly SSI benefit is reduced by one-third for persons living in the household of another.

#### Maximum Monthly SSI Benefit, Effective January 2015

Type of recipient	Maximum monthly benefit
Individual recipient living alone	\$733
Individual recipient living with others	491
Married couple living alone	\$1,100
Married couple living with others	737

In July 2015, the average monthly SSI benefit paid to SSI recipients in Minnesota was \$572.

## Minnesota Supplemental Aid (MSA)

*Some SSI recipients receive supplemental payments from the MSA program.*

Some SSI recipients receive supplemental payments from the MSA program. MSA fulfills the congressional mandate that states supplement the grants of persons who had received higher benefits from former state Old Age Assistance, Aid to the Blind, and Aid to the Disabled programs in December 1973. MSA also supplements the grants of SSI recipients who became eligible for program benefits after SSI was implemented in January 1974. In Minnesota, SSI recipients apply for MSA through the local human services agency. (See MSA, page 46.)

## Emergency Payments

If an SSI applicant is in desperate financial need and can demonstrate probable program eligibility, the SSA can issue emergency payments of up to \$733 to an eligible individual and \$1,100 to a couple (these are payment levels in effect as of January 1, 2015).

## Eligibility for Other Assistance Programs

*SSI recipients may also be eligible for MA, Food Support, and other social services.*

**Medical Assistance (MA—also called “Medicaid”).** In Minnesota, SSI recipients apply for MA through the local human services agency. The vast majority of SSI recipients are eligible for MA. A person who is blind or who has a severe disability and who engages in substantial gainful employment despite severe medical impairments may continue on MA even when earned income makes the person ineligible for SSI benefits. (See MA page 63.)

An SSI recipient who enters a nursing home, hospital, or other institution on MA receives only limited cash assistance, in the form of a personal needs allowance. The personal needs allowance as of January 1, 2015, is \$97 a month. SSI contributes \$30 of this amount, with the remainder paid out of MSA.

**Social Services.** SSI recipients may be eligible for a variety of social services. State law requires that social services be provided for certain groups of persons with disabilities.

**Food Support.** SSI recipients may be eligible to receive food support; in cases where all household members receive SSI, Food Support eligibility is automatic. (See Food Support, page 140.)



## **Reinstatement of MA Benefits**

Children who lose SSI eligibility due to the change in the definition of disability made by the welfare reform act also lose their MA coverage, unless they are found eligible for MA on some other basis (e.g., by qualifying as part of a low-income family). The Balanced Budget Act of 1997 restored Medicaid coverage for children who were on SSI as of the date of enactment of the welfare reform act (August 22, 1996), and who became ineligible for SSI due to the change in the definition of disability made by the welfare reform act. This reinstatement does not apply to persons applying for SSI after August 22, 1996.

## **Payment Method**

The monthly SSI cash grant is paid directly to program recipients. However, the SSA may appoint a “representative payee” if the recipient cannot manage his or her own funds. The representative payee may be any person or agency concerned with the recipient’s welfare.

## **Funding and Expenditures**

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*SSI expenditures were \$53.5 million in July 2015.*

Funds for the SSI program come solely from the general revenues of the federal government. SSI utilizes no state or local funds for financing program benefits or administration.

In July 2015, the federal government spent \$53,503,000 to assist SSI recipients in Minnesota and the average payment per person was \$566. In fiscal year 2014, total SSI payments to recipients in Minnesota were \$637,649,000.

## **Recipient Profiles**

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In July 2015, 94,464 individuals in Minnesota received SSI payments. Most of those SSI recipients were disabled.



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# Medical Assistance

Medical Assistance (MA) is a jointly funded, federal-state program that pays for health care services provided to low-income individuals. It is also called Medicaid. This chapter describes eligibility, covered services, and other aspects of the program, including changes made to comply or conform with the federal Affordable Care Act.

## Administration

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*MA is Minnesota's version of Medicaid, a federal program established by Congress to offer basic health care services to certain low-income individuals.*

### Federal Government

Medicaid was established by the U.S. Congress in 1965 as Title XIX of the Social Security Act. This federal law requires all states to offer basic health care services to certain categories of low-income individuals. States are reimbursed by the federal government for part of the cost of providing the required services. The federal law also gives states the option to cover additional services, and additional categories of low-income individuals, in their Medicaid programs.

Medicaid is administered at the federal level by the Center for Medicare and Medicaid Services (CMS), an agency within the U.S. Department of Health and Human Services. CMS issues regulations and guidelines for Medicaid that states are required to follow.

States establish operating and administrative standards for their own Medicaid programs. All Medicaid programs must stay within the scope of federal rules and regulations, but state programs can and do vary widely, due to differences in coverage of optional services and eligibility groups.

### Minnesota State Legislature

Medical Assistance (MA), Minnesota's Medicaid program, was established by the legislature and implemented in January 1966. The MA law in Minnesota is found primarily in [chapter 256B of Minnesota Statutes](#) (provisions related to hospital payment rates are found in [Minnesota Statutes, chapter 256](#)).

### Minnesota Department of Human Services (DHS)

DHS is responsible for administering the MA program at the state level and for supervising the implementation of the program by the counties. DHS has adopted administrative rules and policies that

govern many aspects of the MA program.

## Counties and MNsure

County human services agencies, MNsure—the state’s health insurance exchange established under the Affordable Care Act (ACA), and tribal governments choosing to participate, share the responsibility for determining if applicants meet state and federal eligibility standards for MA. Depending on their basis of eligibility, individuals apply for MA by:

- ▶ submitting an application online through the MNsure eligibility determination system;
- ▶ contacting MNsure by other means; or
- ▶ contacting their county human services agency or tribal government.

Agencies are required to complete eligibility determinations for most individuals within 45 days of receiving an application. (This time limit is 60 days in the case of disabled individuals and 15 days in the case of pregnant women.)

The MNsure eligibility determination system is used by county human services agencies and tribal governments to determine MA eligibility for families and children, pregnant women, and adults without children. MA eligibility determination through MNsure is done online and through submitting paper application forms. The MNsure eligibility determination system is also used to determine eligibility for MinnesotaCare,<sup>38</sup> and for premium tax credits and cost-sharing reductions available under the ACA for qualified health plan coverage purchased through MNsure.

County agencies, and tribal governments choosing to participate, are the primary entities responsible for determining eligibility for MA applicants who are age 65 or older, blind, or have disabilities, or who belong to certain smaller MA eligibility categories. Eligibility for these categories of individuals is determined using the legacy MAXIS eligibility determination system.

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<sup>38</sup> MinnesotaCare is administered by DHS as a Basic Health Program under the ACA, to provide subsidized health coverage to eligible Minnesotans. For more information, see the House Research information brief [MinnesotaCare](#).

## Eligibility Requirements

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*MA pays for the cost of medical services provided to eligible low-income persons who cannot afford the cost of health care.*

MA pays for medical services provided to eligible low-income persons who cannot afford the cost of health care. MA can retroactively pay for the cost of health care services provided to an individual up to three months before the month of application, if the individual would have been eligible for MA at the time the services were provided. Generally, MA is available to children, parents and caretakers, pregnant women, the elderly, persons with disabilities, and most recently, adults without children, who meet the program's income and asset standards.

To be eligible for MA, an individual must meet the following criteria:

- ▶ be a citizen of the United States or a noncitizen who meets specified criteria
- ▶ be a resident of Minnesota
- ▶ be a member of a group for which MA coverage is required or permitted under federal or state law (see page 66)
- ▶ meet program income and any applicable asset limits, or qualify on the basis of a "spenddown" (starting on page 67)
- ▶ not reside in a public institution, or in a public or private Institution for Mental Diseases (IMD), if age 21 through 64

Eligibility for most enrollees is redetermined every 12 months. Persons who qualify for MA through a spenddown have their eligibility redetermined every six months.

### Citizenship

To be eligible for MA, an individual must be a citizen of the United States or a noncitizen who meets specified immigration criteria. MA eligibility criteria vary by immigration status. For example, asylees and refugees are generally eligible for MA, while lawful permanent residents who are not pregnant women or children are not eligible for MA until they have resided in the United States for five or more years. Minnesota has generally chosen to provide MA coverage for all groups of noncitizens for which MA eligibility is mandatory or optional under federal welfare law and for which a federal match is provided.

Nonimmigrants and undocumented persons are eligible only for MA coverage of emergency and pregnancy-related services. Emergency MA (EMA) with federal financial participation (FFP) covers MA services necessary to treat an emergency medical condition, including labor and delivery and a limited set of chronic care and long-term care

services (certain dialysis services and certain services to treat cancer).

## Residency

To be eligible for MA, an individual must be a resident of Minnesota, as determined under federal law,<sup>39</sup> or a migrant worker as defined in [Minnesota Statutes, section 256B.06](#), subdivision 3.

## Eligible Categories of Individuals

To be eligible for MA, an individual must be a member of a group for which MA eligibility is either required by the federal government or mandated by the state under a federal option. With Minnesota's expansion of eligibility to include nonelderly adults without dependent children, persons in all major groups are now potentially eligible for MA, if they meet income, asset, and other program eligibility requirements.

In Minnesota, those groups eligible for MA coverage include the following:

- ▶ parents or caretakers of dependent children
- ▶ pregnant women
- ▶ children under age 21
- ▶ persons age 65 or older
- ▶ persons with a disability or who are blind, as determined by the Social Security Administration or the State Medical Review Team (This category includes most persons eligible for either the Minnesota Supplemental Aid (MSA) or Supplemental Security Income (SSI) programs.)
- ▶ adults without children, ages 21 through 64
- ▶ children eligible for or receiving state or federal adoption assistance payments
- ▶ individuals under age 26 who received foster care services while age 18 or older, and who were enrolled in MA or MinnesotaCare at the time foster care services ended<sup>40</sup>

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<sup>39</sup> Generally, federal law defines residency in terms of being present in a state with an intent to remain and specifically prohibits durational residency requirements (see [42 C.F.R. § 435.403](#)).

<sup>40</sup> Coverage for these former foster care youth was required by the ACA, effective January 1, 2014. No income limit applies to persons covered under this category.



Certain disabled children who would normally not be eligible for MA because of parental income are also covered under Minnesota's MA program. MA also pays for Medicare premiums and cost-sharing for certain groups of Medicare beneficiaries.

Individuals with excess income belonging to a group eligible for MA coverage may be able to qualify by spending down their income (see page 71).

## **Income Limits**

To be eligible for MA, an applicant's net income must not exceed program income limits. Different income limits apply to different categories of individuals (see page 72). For example, the MA income limit for most children is higher than the MA income limit for parents. This means that not all members of a family may be covered under MA.

MA income limits are based on the federal poverty guidelines (FPG). The guidelines vary with family size and are adjusted annually for inflation (see page 88).

**Income determination.** An income methodology that specifies countable and excluded income is used to determine net income for different eligibility groups. Since January 1, 2014, as required by the ACA, MAGI-based income<sup>41</sup> has been used as the income methodology for children, infants, parents and caretakers, pregnant women, and adults without children. Prior to this date, the income methodology used for these eligibility groups was that used by the state's Aid to Families with Dependent Children (AFDC) program as of July 16, 1996. The income methodology used for enrollees who are elderly, blind, or have disabilities is based on that used by the federal SSI program.

As part of ACA compliance and since January 1, 2014, the state has used a standard 5 percent of FPG disregard when determining eligibility for groups for whom MAGI-based income is required to be used as the income methodology. This standard disregard replaced state-specific disregards and has the effect of raising the FPG income limit for MAGI-based income groups by 5 percentage points.

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<sup>41</sup> Modified adjusted gross income (MAGI) is defined as adjusted gross income increased by: (1) foreign earned income exclusion; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax (I.R.C. § 36B). MAGI-based income excludes from MAGI certain scholarships, awards, or fellowship grants used for educational purposes and certain types of income received by American Indians and Alaska natives, and counts lump sums as income only in the month received.

**Recent changes in income limits.** Effective January 1, 2014, the income limits for adults without children, parents and caretakers, and children 19 through 20 were increased to 133 percent of FPG, as part of the state's implementation of the ACA's option to expand eligibility for these groups.<sup>42</sup>

Effective January 1, 2014, the MA income limit for children ages two through 18 was increased from 150 percent to 275 percent of FPG. This change was accompanied by a reduction in the MinnesotaCare income limit from 275 percent to 200 percent of FPG for children and other eligibility groups, and the establishment of an income floor for MinnesotaCare coverage of 133 percent of FPG. The increase in the MA income limit for children, and the accompanying reduction in the MinnesotaCare income limit for that group, means that most children who would have been eligible for MinnesotaCare under that program's old income limit are now eligible for MA. Since MinnesotaCare law provides that persons eligible for MA are not eligible for MinnesotaCare, most children now enroll in MA rather than MinnesotaCare.

The table on page 72 lists the income standard, asset standard, and covered benefits for the principal MA eligibility groups. The table on page 88 shows allowable income by household size for the various income levels.

### **Transitional MA<sup>43</sup>**

Individuals who are members of families with children who lose MA eligibility (under the 100 percent of FPG income limit) due to increased earned income or the loss of an earned income disregard,<sup>44</sup> or due to increased child or spousal support, may be able to retain MA coverage for a transitional period, if: (1) the individual's income did not exceed 100 percent of FPG for at least three of the past six months; and (2) the household contains a dependent child and a caretaker. Individuals who lose eligibility due to earned income or loss of an earned income disregard remain eligible for an initial period of six months and can continue to receive MA coverage for up to six additional months if their income does not exceed 185 percent of FPG.

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<sup>42</sup> Adults without children with incomes up to 75 percent of FPG had been covered in Minnesota since March 1, 2011, under the ACA's Medicaid early expansion option. The income limit for parents and caretakers, and children ages 19 through 20, was 100 percent of FPG at the time of the January 1, 2014, increase.

<sup>43</sup> Ongoing funding for transitional MA is provided by the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), H.R. 2, Pub. L. No. 114-10, which became law on April 16, 2015. Prior to this, funding was periodically reauthorized by the U.S. Congress.

<sup>44</sup> The loss of an earned income disregard is no longer applied in practice as an eligibility criterion, due to the use of a standard income disregard (see previous section on Income Determination).

Individuals who lose eligibility due to increased child or spousal support remain eligible for four months.

## Asset Limits

MA has two main asset limits. One applies to persons who are elderly, blind, or who have a disability.<sup>45</sup> The other applies to parents and caretakers who qualify for MA through a spenddown (the spenddown is described in the section that follows). Children under age 21, pregnant women, parents and caretakers who do not qualify through a spenddown, and adults without children are exempt from any asset limit. In addition, different asset limits apply to some of the smaller MA eligibility groups (see table on page 72).

**Elderly, blind, or disabled.** Persons who are elderly, blind, or who have a disability need to meet the asset limit specified in [Minnesota Statutes, section 256B.056](#), subdivision 3. This asset limit is \$3,000 for an individual and \$6,000 for two persons in a household, with \$200 added for each additional dependent. Certain assets are excluded when determining MA eligibility for persons who are elderly, blind, or who have a disability, including the following:

- ▶ the homestead
- ▶ household goods and personal effects
- ▶ a burial plot for each family member
- ▶ life insurance policies and assets for burial expenses, up to the limits established for the SSI program<sup>46</sup>
- ▶ capital and operating assets of a business necessary for the person to earn an income
- ▶ funds for damaged, destroyed, or stolen property, which are excluded for nine months, and may be excluded for up to nine additional months under certain conditions
- ▶ motor vehicles to the same extent allowed under the SSI program<sup>47</sup>

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<sup>45</sup> The Minnesota Long-Term Care Partnership (LTCP) program allows individuals with qualified long-term care insurance policies to qualify for MA payment of long-term care services, while retaining assets above the regular MA asset limit equal in value to the amount paid for care by the policy.

<sup>46</sup> The SSI program allows recipients to set aside, or designate, up to \$1,500 in assets to cover certain burial expenses.

<sup>47</sup> The SSI program excludes as an asset one vehicle per household, regardless of value, if it is used for transportation by the recipient or a member of the recipient's household.

- ▶ certain assets owned by American Indians related to the relationship between tribes and the federal government, or with unique Indian significance

**Parents and caretakers on a spenddown.** An asset limit of \$10,000 in total net assets for a household of one person, and \$20,000 in total net assets for a household of two or more persons, applies to parents and caretakers who qualify for MA through a spenddown.<sup>48</sup>

Certain items are excluded when determining MA eligibility for these individuals, including the following:

- ▶ the homestead
- ▶ household goods and personal effects
- ▶ a burial plot for each family member
- ▶ life insurance policies and assets for burial expenses, up to the limits established for the SSI program
- ▶ capital and operating assets of a business up to \$200,000
- ▶ funds received for damaged, destroyed, or stolen property are excluded for three months if held in escrow
- ▶ a motor vehicle for each person who is employed or seeking employment
- ▶ court-ordered settlements of up to \$10,000
- ▶ individual retirement accounts and funds
- ▶ assets owned by children
- ▶ certain assets owned by American Indians related to the relationship between tribes and the federal government, or with unique Indian significance

Minnesota law also has provisions governing the treatment of assets and income for persons residing in nursing homes whose spouses reside in the community. These provisions are found in [Minnesota Statutes, sections 256B.0575 to 256B.0595](#).

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<sup>48</sup> This asset limit applied to all parents and caretakers through December 31, 2013, but was eliminated effective January 1, 2014, for parents and caretakers not on a spenddown, as part of ACA compliance.

## Eligibility on the Basis of a Spenddown

Individuals who, except for excess income, would qualify for coverage under MA can qualify for MA through a “spenddown.” However, no spenddown option is available for persons eligible as adults without children.

Under a spenddown, an individual reduces his or her income by incurring medical bills in amounts that are equal to or greater than the amount by which his or her income exceeds the relevant spenddown standard for the spenddown period (see table below for the spenddown standards). Unpaid medical bills incurred before the time of application for MA can be used to meet the spenddown requirement.

There are two types of spenddowns. Under a six-month spenddown, an individual can become eligible for MA for up to six months, beginning on the date his or her total six-month spenddown obligation is met. Under a one-month spenddown, individuals spend down their income during a month in order to become eligible for MA for the remainder of that month.

### MA Spenddown

Eligibility Group	Spenddown Standard
Families and children	133% of FPG
Elderly, blind, or disabled	75% of FPG

The spenddown standard for persons who are elderly, blind, or who have a disability, will increase from 75 percent to 80 percent of FPG, effective July 1, 2016.

**MA Eligibility – Income and Asset Limits – Benefits**

<b>Eligibility Category</b>	<b>Income Limit</b>	<b>Asset Limit</b>	<b>Benefits</b>
Children under age two <sup>49</sup>	≤ 283% of FPG	None	All MA services
Children two through 18 years of age	≤ 275% of FPG	None	All MA services
Children 19 through 20 years of age	≤ 133% of FPG	None	All MA services
Pregnant women	≤ 278% of FPG	None	All MA services
Parents or relative caretakers of dependent children on MA	≤ 133% of FPG	None, unless on spenddown	All MA services
Elderly, blind, or have a disability	≤ 100% of FPG	MA asset standard (\$3,000 for households of one and \$6,000 for households of two, with \$200 for each additional dependent)	All MA services
Adults without children	≤ 133% of FPG	None	All MA services
Qualified Medicare Beneficiaries (QMBs)	≤ 100% of FPG	\$10,000 for households of one and \$18,000 for households of two or more	Premiums, coinsurance, and deductibles for Medicare Parts A and B
Service Limited Medicare Beneficiaries (SLMBs)	> 100% but < 120% of FPG	\$10,000 for households of one and \$18,000 for households of two or more	Medicare Part B premium only
Qualifying Individuals (QI) – Group 1 <sup>50</sup>	≥ 120% but < 135% of FPG	\$10,000 for households of one and \$18,000 for households of two or more	Medicare Part B premium only
Qualified Working Disabled Adults	≤ 200% of FPG	Must not exceed twice the SSI asset limit	Medicare Part A premium only
Disabled children eligible for services under the TEFRA children’s home care option <sup>51</sup>	≤ 100% of FPG <sup>52</sup>	None	All MA services
Employed persons with disabilities	No income limit	\$20,000	All MA services

House Research Department

<sup>49</sup> Children with incomes greater than 275 percent and less than or equal to 283 percent of FPG are funded through the federal Children’s Health Insurance Program (CHIP) with an enhanced federal match. As part of the conversion from the existing net income standard to an equivalent standard based on MAGI income methodology, the income limit for children under age two was increased from 280 percent to 283 percent of FPG and the income limit for pregnant women was increased from 275 percent to 278 percent of FPG, effective January 1, 2014.

<sup>50</sup> Ongoing funding for coverage of qualifying individuals was provided by the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA), H.R. 2, Pub. L. No. 114-10, signed into law on April 16, 2015. Prior to this, funding was renewed periodically by the U.S. Congress.

<sup>51</sup> Authorized by section 134 of the federal Tax Equity Fiscal Responsibility Act (TEFRA) of 1982.

<sup>52</sup> Only the income of the child is counted in determining eligibility. Child support and Social Security disability payments paid on behalf of the child are excluded.

## **Institutional Residence**

Individuals living in public institutions, such as secure correctional facilities, are generally not eligible for MA, except that since January 1, 2014, the MA program has paid for covered services provided to inmates while they are inpatients in a hospital or other medical institution.

Individuals living in Institutions for Mental Diseases (IMDs) are generally not eligible, unless they are under age 21 and reside in an inpatient psychiatric hospital accredited by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO), or they are age 65 or older, or otherwise qualify for an exception.<sup>53</sup> An IMD is a hospital, nursing facility, or other institution of 17 or more beds that primarily provides diagnosis, treatment, and care to persons with mental illness.

## **Benefits**

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MA reimburses health care providers for health care services furnished to eligible recipients. The federal government requires every state to provide certain services. States may choose whether to provide other optional services.

The ACA authorizes states to provide persons newly eligible under the optional MA expansion (adults without children in the case of Minnesota) with benchmark or benchmark-equivalent benefits<sup>54</sup>—an alternative benefit set that can be different from the regular MA benefit set. Minnesota has chosen to provide adults without children with the standard MA benefit set (described below) that is provided to persons in most other MA eligibility categories.

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<sup>53</sup> For example, individuals placed in an IMD by a managed care plan are eligible for MA with a federal match. Persons residing in an IMD who do not qualify for an exception may qualify for state-only funded MA services.

<sup>54</sup> Benchmark or benchmark-equivalent coverage must be equal to one of three specified benchmark plans, be actuarially equivalent plans, or be coverage that is approved by Secretary of Health and Human Services. One of the option's for secretary-approved coverage is a state's regular Medicaid benefit set.

## **Federally Mandated Services for All MA Recipients**

The following services are federally mandated and therefore available to all MA recipients in Minnesota:

*MA benefits include federally mandated services and services provided at state option.*

- ▶ Early periodic screening, diagnosis, and treatment (EPSDT) services for children under 21
- ▶ Family planning services and supplies
- ▶ Federally qualified health center services
- ▶ Home health services and medical equipment and supplies
- ▶ Inpatient hospital services
- ▶ Laboratory and X-ray services
- ▶ Nurse midwife services
- ▶ Certified family and certified pediatric nurse practitioner services
- ▶ Outpatient hospital services
- ▶ Physician services
- ▶ Rural health clinic services
- ▶ Nursing facility services
- ▶ Pregnancy-related services (through 60 days postpartum)

## **Optional Services for Minnesota's MA Recipients**

The following services have been designated "optional" by the federal government but are available by state law to all MA recipients in Minnesota:

- ▶ Audiologist services
- ▶ Care coordination and patient education services provided by a community health worker
- ▶ Case management for seriously and persistently mentally ill persons and for children with serious emotional disturbances
- ▶ Chiropractor services
- ▶ Clinic services
- ▶ Community paramedic services



- ▶ Dental services<sup>55</sup>
- ▶ Doula services
- ▶ Other diagnostic, screening, and preventive services
- ▶ Emergency hospital services
- ▶ Hearing aids
- ▶ Home and community-based waiver services
- ▶ Hospice care
- ▶ Some Individual Education Plan (IEP) services provided by a school district to disabled students
- ▶ Some services for residents of Institutions for Mental Diseases (IMDs)
- ▶ Inpatient psychiatric facility services for persons under age 22
- ▶ Intermediate care facility services, including services provided in an intermediate care facility for persons with developmental disabilities (ICF/DD)
- ▶ Medical equipment and supplies
- ▶ Medical transportation services
- ▶ Mental health services for children and adults
- ▶ Nurse anesthetist services
- ▶ Certified geriatric, adult, OB/GYN, and neonatal nurse practitioner services
- ▶ Occupational therapy services
- ▶ Personal care assistant services
- ▶ Pharmacy services<sup>56</sup>
- ▶ Physical therapy services
- ▶ Podiatry services
- ▶ Private duty nursing services
- ▶ Prosthetics and orthotics

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<sup>55</sup> Coverage of dental services for adults who are not pregnant is limited to specified services (see [Minn. Stat. 2014 § 256B.0625](#), subd. 9).

<sup>56</sup> MA does not cover prescription drugs covered under the Medicare Part D prescription drug benefit for individuals enrolled in both MA and Medicare (referred to as “dual eligibles”). These individuals are instead eligible for prescription drug coverage under Medicare Part D. MA continues to cover certain drug types not covered under the Medicare prescription drug benefit, such as over-the-counter drugs for cough and colds and certain vitamin and mineral products.

- ▶ Public health nursing services
- ▶ Rehabilitation services, including day treatment for mental illness
- ▶ Speech therapy services
- ▶ Vision care services and eyeglasses

## Cost-sharing

Certain MA enrollees are subject to the following cost-sharing:

*Some MA enrollees must pay copayments and deductibles.*

- ▶ \$3 per nonpreventive visit
- ▶ \$3.50 for nonemergency visits to a hospital emergency room
- ▶ \$3 per brand-name prescription and \$1 per generic prescription, subject to a \$12 per-month limit. Antipsychotic drugs are exempt from copayments when used for the treatment of mental illness.
- ▶ A monthly family deductible of \$2.85 (adjusted annually by the increase in the medical care component of the CPI-U)

Children and pregnant women are exempt from copayments and deductibles; other exemptions also apply. Total monthly cost-sharing is limited to 5 percent of family income.

Health care providers are responsible for collecting the copayment or deductible from enrollees; MA reimbursement to a provider is reduced by the amount of the copayment or deductible. Providers cannot deny services to enrollees who are unable to pay the copayment or deductible.

The family deductible is waived for enrollees of managed care and county-based purchasing plans. The commissioner may waive the family deductible for individuals and allow long-term care and waiver services providers to assume responsibility for payment.

## Some Services Provided in Minnesota Under a Federal Waiver

States can seek approval from the federal government to provide services that are not normally covered and reimbursed under the Medicaid program. These services are referred to as “waivered services.” Minnesota has federal approval for the following community-based waived service programs.

The **Elderly Waiver (EW)** provides community-based care for elderly individuals who are MA eligible and require the level of care provided in a nursing home.

Minnesota also has a solely state-funded program, the **Alternative Care (AC)** program, which provides community-based care for elderly individuals who are at risk of nursing home placement and who are not eligible for MA, but who would become eligible for MA within 135 days of entering a nursing home.

The **Home and Community-Based Waiver for Persons with Developmental Disabilities (DD)** provides community-based care to persons diagnosed with developmental disabilities or related conditions who are at risk of placement in an ICF/DD.

The **Community Alternative Care (CAC)** waiver provides community-based care for chronically ill individuals who are under age 65 and need the level of care provided in a hospital.

The **Community Alternatives for Disabled Individuals (CADI)** waiver provides community-based care to disabled individuals under age 65 who need the level of care provided in a nursing home.

The **Brain Injury (BI)** waiver provides community-based care to persons under age 65 diagnosed with traumatic or acquired brain injury that need the level of care provided in a nursing home that provides specialized services for persons with brain injury or a neurobehavioral hospital.

For each of the federally approved waiver programs, the costs of caring for individuals in the community cannot exceed (in the aggregate) the cost of institutional care.

## **Medicaid Managed Care**

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MA enrollees receive services under a fee-for-service system (described in the next section) or through a managed care system. Minnesota's managed care programs operate under federal waivers that allow states to implement innovative methods of health care delivery, require enrollment in managed care plans, and limit enrollee provider choice to those providers under contract with a managed care plan.

Under the managed care system, MA enrollees who are families and children or adults without children receive services under the Prepaid Medical Assistance Program (PMAP) from managed care plans or through county-based purchasing initiatives. Enrollees who are elderly

(age 65 and over) receive services from managed care and county-based purchasing plans through Minnesota Senior Care Plus or through Minnesota Senior Health Options (MSHO). Enrollees with disabilities have the option of receiving services through the Special Needs BasicCare (SNBC) program, a statewide program for persons with disabilities.

*Most MA enrollees receive services through prepaid health plans.*

County-based purchasing provides an alternative method of health care service delivery under PMAP (and also under the Minnesota Senior Care Plus, MSHO, and SNBC programs described below). County boards that elect to implement county-based purchasing are responsible for providing all services required by PMAP or the applicable program to enrollees, either through their own provider networks or by contracting with managed care plans. DHS payments to counties cannot exceed payment rates to managed care plans. As of September 2015, three county-based purchasing initiatives involving 26 counties were operational.

## **Programs for Families and Children**

Under PMAP, managed care and county-based purchasing plans contract with DHS to provide services to MA enrollees who are families and children or adults without children. Plans receive a capitated payment from DHS for each MA enrollee, and in return are required to provide enrollees with all MA-covered services, except for some home and community-based waiver services, some nursing facility services, and intermediate care facility services for persons with developmental disabilities. PMAP operates under a federal waiver; one of the terms of the waiver allows the state to require certain MA enrollees to receive services through managed care.

Enrollees in participating counties select a specific managed care or county-based purchasing plan from which to receive services, obtain services from providers in the plan's provider network, and follow that plan's procedures for seeing specialists and accessing health care services. Enrollees are allowed to switch health plans once per year during an open enrollment period. PMAP has contracts with prepaid health plans or county-based purchasing initiatives to provide services in all 87 counties.

The 2014 Legislature required DHS to enter into contracts, as part of a statewide procurement, with managed care and county-based purchasing plans to serve PMAP enrollees beginning January 1, 2016.

As of September 2015, 694,935 MA enrollees received services through PMAP from managed care or county-based purchasing plans.

## **Programs for the Elderly**

The Minnesota Senior Care waiver replaced PMAP for elderly enrollees on June 1, 2005. This federal waiver provides continued authority for mandatory enrollment of people age 65 or older into managed care. Minnesota Senior Care covered all the same services as PMAP, except that prescription drugs for MA enrollees also eligible for Medicare were covered by Medicare Part D (see footnote 56 on page 75).

The Minnesota Senior Care benefit package was replaced by a broader Minnesota Senior Care Plus benefit package, on January 1, 2009. In addition to covering all basic Minnesota Senior Care services, Minnesota Senior Care Plus also covers elderly waiver services and 180 days of nursing home services for enrollees not residing in a nursing facility at the time of enrollment.

Elderly enrollees in Minnesota Senior Care Plus must enroll in a separate Medicare plan to obtain their prescription drug coverage under Medicare Part D. However, elderly enrollees also have the option of receiving managed care services through MSHO, rather than Minnesota Senior Care Plus. MSHO includes all Medicare and MA prescription drug coverage under one plan. MSHO provides a combined Medicare and MA benefit, is available statewide, and operates under federal Medicare Advantage Special Needs Plan (SNP) authority.<sup>57</sup> DHS also contracts with SNPs to provide MA services. Enrollment in MSHO is voluntary. As is the case with Minnesota Senior Care Plus, MSHO also covers elderly waiver services and 180 days of nursing home services. Most elderly MA enrollees are enrolled in MSHO rather than Minnesota Senior Care Plus, due in part to the integrated Medicare and MA prescription drug coverage. As of September 2015, MSHO enrollment was 34,889, compared to enrollment in Minnesota Senior Care Plus of 12,977.

## **Programs for Persons with Disabilities**

Special Needs Basic Care (SNBC) is a managed care program for persons with disabilities between the ages of 18 and 64. Some SNBC plans integrate MA with Medicare services, for persons who are dually eligible. The program served 50,521 individuals as of September 2015.

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<sup>57</sup> A Medicare SNP is a Medicare-managed care plan that is allowed to serve only certain Medicare populations, such as institutionalized enrollees, dually eligible enrollees, and enrollees who are severely chronically ill and disabled. SNPs must provide all Medicare services, including prescription drug coverage.

## Managed Care Enrollment

Generally, MA recipients who are in families with children are required to enroll in PMAP. As noted above, recipients who are elderly are required to enroll in Minnesota Senior Care Plus, but a majority have chosen the option of voluntarily enrolling in the MSHO program.

Since January 1, 2012, persons with disabilities have been enrolled in special needs plans, unless they choose to opt out of managed care enrollment and remain in fee-for-service.

As of September 2015, 793,322 MA enrollees received services through PMAP, Minnesota Senior Care Plus, MSHO, or SNBC.

## Managed Care Payment Rates

Managed care and county-based purchasing plans receive a capitated payment rate for each enrollee (a capitated payment is fixed and does not vary with the actual services provided to the enrollee). The PMAP capitation rate is risk-adjusted using the Chronic Illness and Disability Payment System (CDPS) to reflect the overall health status of a plan's enrollees. Five percent of each plan's capitation rate is withheld annually and returned pending the plan's completion of performance targets related to various process and quality measures. Payment rates are the same for both managed care and county-based purchasing plans.

The SNBC capitation rate is also risk adjusted using the CDPS system. MSHO and Minnesota Senior Care Plus rates are adjusted for age, sex, institutional status, Medicare status, and geographical area and are identical across programs.<sup>58</sup> Rates for elderly waiver services are based on historical fee-for-service costs.

DHS does not regulate managed care and county-based purchasing payment rates to health care providers under contract to serve MA enrollees. These payment rates are a matter of negotiation between the health care provider and the managed care plan or county boards.

**IHP demonstration project.** Providers participating in the Integrated Health Partnership (IHP) demonstration project may have their negotiated payment rates adjusted in an annual reconciliation process, to reflect the financial terms of the demonstration project. The IHP demonstration project was authorized by the legislature in 2010 and initially called the health care delivery systems demonstration project

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<sup>58</sup> Rates for elderly recipients enrolled in Minnesota Senior Care Plus and MSHO are determined using historical data and are not risk-adjusted, since most of the services used to determine risk-adjustment values are covered by Medicare.

(see [Minn. Stat. § 256B.0755](#)). The intent of the demonstration project is to provide financial incentives for providers to reduce the total cost of care for participating MA enrollees for a specified set of core services, while maintaining or improving the quality of care. The financial incentives include sharing in any savings relative to a target spending amount, and for larger, integrated providers, sharing in any losses resulting from overspending relative to the target spending amount. Shared savings and shared losses are calculated and applied to providers annually in the form of a reconciliation payment. As of May 2015, 191,202 MA enrollees in both fee-for-service and managed care were served by 16 integrated health partnerships.

## **Fee-for-Service Provider Reimbursement**

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Under fee-for-service MA, health care providers and institutions (sometimes called “vendors”) bill the state and are reimbursed by the state at a level determined by state law for the services they provide to MA recipients.

*Many medical services are paid for based on a fee schedule.*

Under the fee-for-service system, MA recipients, with some exceptions, are free to receive services from any medical provider participating in the MA program. As a condition of participating in the MA program, providers agree to accept MA payment (including any applicable copayments) as payment in full. Providers in Minnesota are prohibited from requesting additional payments from MA recipients, except when the recipient is incurring medical bills in order to meet the MA spenddown (discussed earlier in the eligibility section).

DHS has established a central system for the disbursement of MA payments to providers. DHS uses different methods to reimburse different types of providers; the reimbursement methods for selected provider types are described below.

**IHP demonstration project.** Providers participating in the IHP demonstration project (see description in previous section) may have their fee-for-service payments adjusted in an annual reconciliation process, to reflect sharing in any savings and losses relative to the target spending amount established under the demonstration project.

### **Physicians and Other Medical Services**

Physician services and many other medical services are paid for at the lower of (1) the submitted charge or (2) the prevailing charge. The prevailing charge is defined as a specified percentile of all customary charges statewide for a procedure during a base year. The legislature

has at times changed the specified percentile and base for different provider types and different procedures. Providers in all geographic regions of the state are subject to the same maximum reimbursement rate.

MA services reimbursed in this manner include services from a mental health clinic, rehabilitation agency, physician, physician clinic, optometrist, podiatrist, chiropractor, physical therapist, occupational therapist, speech therapist, audiologist, community/public health clinic, optician, dentist, and psychologist.

Other MA services are reimbursed at the lesser of: (1) the submitted charge; or (2) the Medicare maximum allowable rate or a rate established by DHS. Services reimbursed in this manner include those for costs relating to a laboratory, hospice, home health agency, medical supplies and equipment, prosthetics, and orthotics.

The legislature has modified payment rates for noninstitutional health care providers and health care services a number of times in recent years.

## **Prescription Drug Reimbursement**

Under the MA fee-for-service program, pharmacies are reimbursed for most drugs at the lowest of:

- (1) the actual acquisition cost of the drug plus a fixed dispensing fee;
- (2) the maximum allowable cost, plus a fixed dispensing fee; or
- (3) the usual and customary price charged to the public.

The **actual acquisition cost** is the wholesale acquisition cost (WAC) plus 2 percent (or plus 4 percent for certain rural pharmacies). WAC is the manufacturer's list price to wholesalers or direct purchasers for the prescription drug, not including certain discounts, rebates, or reductions in price. The fixed dispensing fee in most cases is \$3.65 per prescription; higher dispensing fees are allowed for intravenous solutions compounded by a pharmacist, cancer chemotherapy products, and total parenteral nutritional products.

The **maximum allowable cost (MAC)** is the payment rate set by the federal government or state for certain multiple-source drugs (drugs for which at least one generic exists). The purpose of a MAC price is to set the reimbursement rate closer to the actual acquisition cost of the generic drug. Minnesota has chosen to set state MACs for a large number of multiple-source drugs.

MA reimburses pharmacies at the **usual and customary price** charged



to the public, if this is lower than the payment rate under the AWP (average wholesale price)/WAC formula or the MAC price. This provision allows MA to reimburse large chain pharmacies for generic drugs provided to MA recipients at their discounted price for the general public (e.g., \$4.00 per prescription).

In addition, the MA program has negotiated payment rates lower than those described above for specialty pharmacy products, defined as those used by a small number of recipients or by recipients with complex and chronic diseases requiring expensive and challenging drug regimens (see [Minn. Stat. § 256B.0625](#), subd. 13e, para. (e)).

## Hospitals

MA uses a prospective payment system to reimburse hospitals for inpatient hospital services. Hospitals are paid per admission, but the amount of payment varies depending on the medical diagnosis of the patient.

*Hospitals are reimbursed according to a patient's medical diagnosis.*

The MA payment to a hospital for an admission is based on the reimbursement amount for the diagnosis-related group (DRG) into which the patient has been classified. The reimbursement for each DRG is intended to represent the average cost to hospitals of caring for a patient in that particular DRG classification. Hospitals benefit financially from patient stays that cost less than the DRG reimbursement amount. (The DRG reimbursement level is increased for hospital stays that exceed the average length of stay by a certain margin; these stays are referred to as day outliers.) Payment rates based on DRGs are adjusted by various factors, including disproportionate share hospital (DSH) payments, which provide additional payments to hospitals with higher than average rates of MA utilization.

MA is using the All Patient Refined DRGs (APR-DRGs) as its DRG system, for discharges occurring on or after October 1, 2015. The APR-DRG system incorporates improvements to the existing DRG system (e.g., it can subdivide individual DRGs into subclasses that distinguish severity of illness and risk of mortality). The APR-DRG system, unlike the existing DRG system, is also able to process claims that use ICD-10 diagnosis and procedure codes (ICD-10 refers to the International Statistical Classification of Diseases and Related Health Problems, 10th Revision). Beginning October 1, 2015, the federal government requires hospitals to use ICD-10 codes, in place of the prior ICD-9 coding system.

Hospital payment rates are not automatically adjusted for inflation, but under Minnesota law are required to be rebased (recalculated using

more current cost data) periodically. Rates were rebased January 1, 2014, (as part of implementing the APR-DRG system) and are scheduled to be rebased July 1, 2017, and every two years thereafter.

## **Funding and Expenditures**

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The federal and state governments jointly finance MA.

### **Federal Share**

The federal share of MA costs for each state, referred to as the federal medical assistance percentage (FMAP), is usually determined by a formula included in Title XIX of the Social Security Act. The formula is based on the state's per capita income and is recalculated annually. Minnesota's FMAP in recent years has been 50 percent. Minnesota receives a higher federal match for services provided to certain children and to MA enrollees who are considered newly eligible under the ACA.

*MA is jointly funded by the federal and state governments.*

Minnesota receives an enhanced federal payment through the Children's Health Insurance Program (CHIP) for the cost of MA services provided to:

- (1) children under age two with household incomes greater than 275 percent but not exceeding 283 percent of FPG;
- (2) uninsured pregnant women who are nonimmigrants or undocumented, through the period of pregnancy, including labor and delivery and 60 days postpartum; and
- (3) children with household incomes greater than 133 percent but not exceeding 275 percent of FPG.

The enhanced payment is the difference between the state's CHIP federal matching rate of 65 percent and the state's MA federal matching rate of 50 percent.

As part of implementing the optional expansion of eligibility for adults without children and other groups under the ACA, Minnesota receives an enhanced federal match for the cost of services provided to enrollees who are newly eligible.<sup>59</sup> In Minnesota, the newly eligible group comprises adults without children; Minnesota will receive the regular federal Medicaid match for parents and caretakers, persons

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<sup>59</sup> Under the ACA, persons are newly eligible if they would not have been eligible under the MA state plan or a waiver as of December 1, 2009.

with disabilities, and other persons in groups not considered to be newly eligible. The enhanced federal match is 100 percent of MA costs for 2014 through 2016, 95 percent in 2017, 94 percent in 2018, 93 percent in 2019, and 90 percent of costs from 2020 on.

## Nonfederal Share

The state, with some exceptions, has been responsible for the nonfederal share of MA costs since January 1991.<sup>60</sup>

## MA Expenditures – State Fiscal Year 2014

*In fiscal year 2014, total MA expenditures for services were \$9.265 billion.*

In fiscal year 2014, total MA expenditures for services were \$9.265 billion. This total was distributed between the levels of government as follows:

Actual Expenditures – SFY 2014	
Federal	\$4.888 billion
Nonfederal	\$4.377 billion

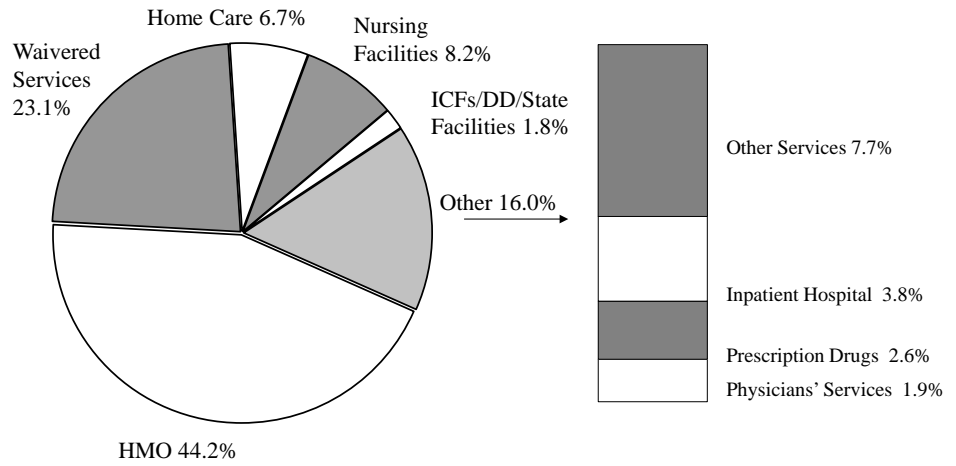
The following chart shows the percentage of MA spending in fiscal year 2014 on the major service categories.

- ▶ HMO services was the largest single expenditure category (representing just over 44 percent of MA spending).
- ▶ Community-based long-term care (waivered services and home care services) accounted for just under 30 percent of MA spending.
- ▶ Long-term institutional care (care provided in nursing homes and ICFs/DD) accounted for 10 percent of MA spending.

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<sup>60</sup> Through December 1990, the state paid 90 percent of the nonfederal share and the counties the remaining 10 percent. Counties are currently responsible for the nonfederal share of MA costs for selected services, as follows: 50 percent of the nonfederal share for the cost of placement of severely emotionally disturbed children in regional treatment centers, 20 percent for the cost of nursing facility placements that exceed 90 days of persons with disabilities under age 65, 10 percent of the cost of placements that exceed 90 days in ICFs/DD with seven or more beds, and 20 percent of the costs of placements that exceed 90 days in nursing facilities that are institutions for mental diseases (IMDs).

### MA Spending on Services – SFY 2014



Note: The waived services category includes waiver payments to HMOs. The prescription drug spending percentage is prior to any federal rebates.

Source: Department of Human Services, February 2015 Forecast, Background Tables

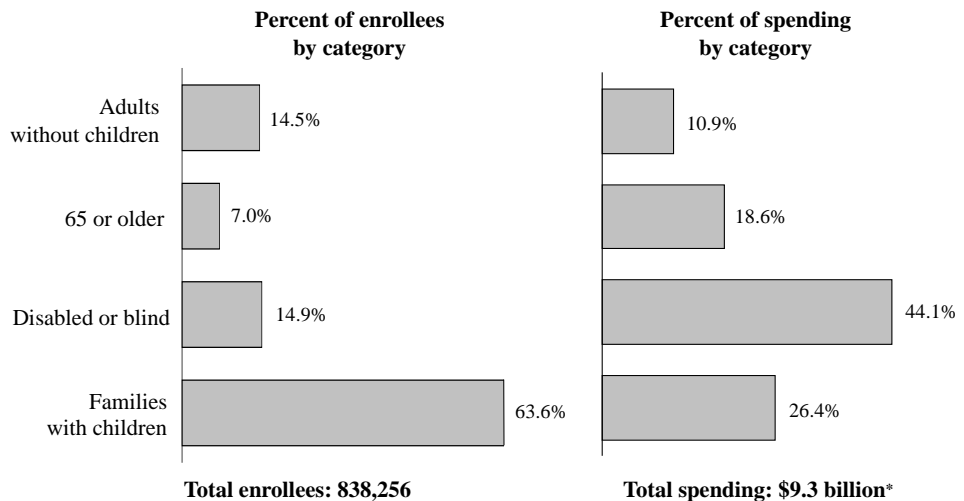
## Recipient Profile

*In fiscal year 2014, an average of 838,256 persons were eligible for MA services each month.*

During fiscal year 2014, an average of 838,256 persons were eligible for MA services each month. The graph below shows the percentage of MA eligibles in each of the major eligibility groups. The graph also shows the percentage of MA spending accounted for by individuals from each eligibility group.

- ▶ Families with children make up the largest eligibility group, constituting 63.6 percent of eligibles. However, this group accounted for only 26.4 percent of MA spending.
- ▶ The elderly, and the disabled or blind, accounted for 62.7 percent of MA spending, although only 21.9 percent of eligibles are in these two groups.

### Minnesota Medical Assistance Eligibles – SFY 2014



\*Does not include consumer support grant expenditures, pharmacy rebates, and adjustments

Source: Department of Human Services

**MA Income Limit – Federal Poverty Guidelines  
 for 7/1/15 through 6/30/16 – 12-month Standard**

Household Size	75%	100%	120%*	133%	135%*	200%*	275%	278%	283%
1	\$8,832	\$11,772	\$14,364	\$15,654	\$16,140	\$23,784	\$32,367	N/A	\$33,309
2	11,952	15,936	19,356	21,186	21,756	32,112	43,807	\$44,285	45,081
3	15,072	20,100	24,348	26,719	27,372	40,440	55,247	55,850	56,854
4	18,192	24,264	29,340	32,252	32,988	48,768	66,687	67,415	68,627
5	21,312	28,428	34,332	37,785	38,604	57,096	78,127	78,979	80,400
6	24,432	32,592	39,324	43,318	44,220	65,424	89,567	90,544	92,173
7	27,552	36,756	44,316	48,850	49,836	73,752	101,007	102,109	103,945
8	30,672	40,920	49,308	54,383	55,452	82,080	112,447	113,674	115,718
Each Additional Person	3,120	4,164	4,992	5,532	5,616	8,328	11,440	11,564	11,772

\* Includes a \$20 monthly disregard

# MinnesotaCare

MinnesotaCare is administered by the Minnesota Department of Human Services under federal guidance as a Basic Health Program that provides subsidized health coverage to eligible Minnesotans. This chapter describes eligibility requirements, covered services, and other aspects of the program.

## Administration

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MinnesotaCare is administered by the Minnesota Department of Human Services (DHS) as a Basic Health Program (BHP), a state coverage option authorized by the federal Affordable Care Act (ACA). DHS, in cooperation with MNsure, the state's health insurance exchange, is responsible for processing applications and determining eligibility for MinnesotaCare. DHS is also responsible for contracting with participating entities for the provision of MinnesotaCare services, complying with federal BHP requirements, and submitting an annual report to the federal government documenting compliance with these requirements.

The federal government is responsible for certifying state Basic Health Programs, ensuring state compliance with federal laws, regulations, and guidance related to the BHP, and reviewing state compliance at least annually.

Applicants can apply for MinnesotaCare coverage online through the MNsure eligibility determination system. Paper applications may also be submitted, and application assistance is available from county agencies, community organizations serving as navigators, and other entities.

## MinnesotaCare as Basic Health Program

The ACA gives states the option of operating a basic health program to provide health coverage to persons with incomes greater than 133 percent but not exceeding 200 percent of Federal Poverty Guidelines (FPG), beginning January 1, 2015. States receive 95 percent of the amount the federal government would otherwise have spent on premium tax credits and cost-sharing subsidies for these individuals had they received coverage through the state's insurance exchange. BHP enrollees receive coverage through a standard benefit plan, which must include at least the essential health benefits included in qualified health plans that are offered through the state's insurance exchange. Premiums for a BHP enrollee must not exceed the amount the enrollee

would otherwise pay for qualified health plan coverage through the exchange, after application of advanced premium tax credits.

The 2013 Legislature directed the Commissioner of Human Services to seek federal approval to operate the MinnesotaCare program as a basic health program. The legislature also authorized changes in MinnesotaCare eligibility, covered services, and service delivery that were necessary to meet federal requirements for a basic health program. Many of these MinnesotaCare changes became effective January 1, 2014. ([Laws 2013, ch. 108/H.F. 1233](#), art. 1)

DHS submitted its proposal to operate MinnesotaCare as a basic health program to the federal government for approval in November 2014. This proposal, referred to in federal law as the BHP Blueprint, was approved December 15, 2014, for implementation beginning January 1, 2015.

## **Eligibility Requirements**

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To be eligible for MinnesotaCare, individuals must meet income limits, not be eligible for MA, and satisfy other requirements related to residency and lack of access to health insurance. MinnesotaCare eligibility must be renewed every 12 months, with renewals occurring during the open enrollment period of MNsure, the state's health insurance exchange.

Since January 1, 2014, most MinnesotaCare enrollees have been parents and caretakers, children ages 19 to 20, and adults without children. Most children under age 19, and pregnant women, who would have been eligible for MinnesotaCare prior to January 1, 2014, are now eligible for Medical Assistance (MA) and therefore, under the new MinnesotaCare eligibility rules, are not eligible for MinnesotaCare.

### **Income Limits**

*MinnesotaCare recipients must meet specific income limits.*

MinnesotaCare coverage is available to persons with incomes greater than 133 percent of FPG but not exceeding 200 percent of FPG, if other program eligibility requirements are met. Children under age 19 with household incomes not exceeding 200 percent of FPG are eligible for MinnesotaCare (even if their income does not exceed the 133 percent of FPG income floor), if they are ineligible for MA solely due



to application of the household composition rule for MA.<sup>61</sup> In addition, legal noncitizens ineligible for MA due to immigration status, with household incomes not exceeding 200 percent of FPG, are eligible for MinnesotaCare.<sup>62</sup>

Before January 1, 2014, parents and caretakers were eligible if their household income did not exceed 275 percent of FPG (subject to a maximum income of \$57,500), and adults without children were eligible if their income did not exceed 250 percent of FPG. There was no upper income limit for children.

The following table lists the minimum and maximum program income limits for different family sizes.

**Annual Household Income Limits for MinnesotaCare**  
 (Effective January 1, 2015, through December 31, 2015)

<b>Household Size</b>	<b>133% of FPG</b>	<b>200% of FPG</b>
1	\$15,654	\$23,340
2	21,186	31,460
3	26,719	39,580
4	32,252	47,700
Each additional person add	5,532	8,120

House Research Department

Note: These dollar amounts are adjusted January 1 of each year to reflect changes in the Federal Poverty Guidelines.

Since January 1, 2014, modified adjusted gross income (MAGI)<sup>63</sup> has been the income methodology used to determine eligibility for MinnesotaCare applicants and enrollees. The use of MAGI is required by the ACA for state basic health programs. Prior to this date, a state-specific gross income calculation was applied.

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<sup>61</sup> The MA household composition rule counts the income of both unmarried parents when determining eligibility for a minor child in the household. Since January 1, 2014, MinnesotaCare, as part of the switch to the modified adjusted gross income (MAGI) income methodology, has used the tax definition of household, under which only the income of one unmarried parent is counted when determining eligibility for a minor child (this is the income of the parent claiming the child as a dependent). This difference in methodology could lead to situations in which a child's income under MA (given the counting of income of both unmarried parents) is too high for that program, but is too low to qualify for MinnesotaCare (given the counting of income of only one parent and the program's income floor). This MinnesotaCare eligibility provision is intended to allow children in this situation to be eligible for MinnesotaCare.

<sup>62</sup> These legal noncitizens are generally nonpregnant adults falling under certain immigration classifications who have resided in the United States for less than five years.

<sup>63</sup> MAGI is defined as adjusted gross income increased by: (1) excluded foreign earned income; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax. (I.R.C. § 36B)

## **Asset Limits**

There are no asset limits for MinnesotaCare enrollees.

Before January 1, 2014, parents and caretakers and adults without children were subject to an asset limit of \$10,000 in total net assets for a household of one person, and \$20,000 in total net assets for a household of two or more persons. Certain items were not considered assets when determining MinnesotaCare eligibility. Pregnant women and children were exempt from the MinnesotaCare asset limit.

## **Not Eligible for Medical Assistance (MA)**

Persons who are eligible for MA are not eligible for MinnesotaCare.

Before January 1, 2014, persons eligible for both MA and MinnesotaCare could enroll in either program. This change had the effect of shifting the vast majority of pregnant women and children under age 19 from MinnesotaCare to MA, since the MA income limit for these eligibility groups (275 percent of FPG)<sup>64</sup> is higher than the MinnesotaCare income limit (200 percent of FPG).

## **No Access to Subsidized Coverage**

In order to be eligible for MinnesotaCare, a family or individual must not have access to employer-subsidized health coverage that is affordable and provides minimum value, as defined in federal regulations.<sup>65</sup> These regulations define coverage as “affordable” for an employee and related individuals, if the portion of the annual premium the employee must pay for self-only coverage does not exceed 9.66 percent of income for 2016.<sup>66</sup> Coverage provides “minimum value” if it pays for at least 60 percent of medical expenses on average.

Before January 1, 2014, in order to be eligible, a family or individual must not have had access to employer-subsidized health care coverage, and also must not have had access to employer-subsidized health care coverage through a current employer for 18 months prior to application or reapplication. Employer-subsidized coverage was defined as health insurance coverage for which an employer pays 50 percent or more of the premium cost. The requirement of no access to

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<sup>64</sup> The 2013 Legislature increased the MA income limit for children ages 2 through 18 from 150 percent to 275 percent of FPG, effective January 1, 2014.

<sup>65</sup> See [Code of Federal Regulations, title 26, section 1.36B-2](#).

<sup>66</sup> This percentage is indexed annually; the percentage for 2015 used by DHS is 9.50.

employer-subsidized coverage did not apply to certain low-income children.

## **No Other Health Coverage**

*To qualify for MinnesotaCare, many enrollees must not have access to employer-subsidized coverage or have other health coverage.*

In order to be eligible for MinnesotaCare, a family or individual must not have minimum essential health coverage, as defined in the Internal Revenue Code.<sup>67</sup> The Internal Revenue Code defines minimum essential coverage as coverage under government-sponsored programs (including but not limited to Medicare, Medicaid, TRICARE and other coverage for members of the armed services, and veterans health benefits), coverage under an employer-sponsored plan, individual market coverage, coverage under a grandfathered health plan,<sup>68</sup> and other coverage recognized by the federal government.

Before January 1, 2014, enrollees must not have had other health coverage while enrolled and must not have had health coverage for the four months prior to application or renewal. Low-income children and children meeting other specified criteria were exempt from these requirements.

## **Residency Requirement**

MinnesotaCare enrollees must meet the residency requirements of the Medicaid program. The Medicaid program requires an individual to demonstrate intent to reside permanently or for an indefinite period in a state, but it does not include a durational residency requirement (a requirement that an individual live in a state for a specified period of time before applying for the program).

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<sup>67</sup> See Internal Revenue Code, section 5000A.

<sup>68</sup> Under the ACA, most health insurance plans that existed on March 23, 2010, are eligible for grandfathered status. Grandfathered plans do not have to meet all of the ACA requirements related to the regulation of health insurance. However, grandfathered status is lost and compliance with the ACA is required, if significant changes are made to the plan's benefits or premiums and cost-sharing.

## Benefits

*Benefits and covered services vary depending on eligibility categories.*

Parents and adults without children who are not pregnant are covered under MinnesotaCare for most, but not all, services covered under MA. The \$10,000 annual limit on inpatient hospital benefits that applied to certain parents and caretakers, and adults without children, was eliminated on January 1, 2014.<sup>69</sup> Covered services are summarized in the table below.

Children ages 19 and 20, and children under age 19 not eligible for MA solely due to the MA household composition rule (described in footnote 61), can access the full range of MA services without enrolling in MA, except that abortion services are covered as provided under the MinnesotaCare program.<sup>70</sup> These individuals are exempt from MinnesotaCare benefit limitations and cost-sharing.

**Covered Services Under MinnesotaCare**

<b>Service</b>	<b>Children</b>	<b>Parents; Adults without children<sup>a</sup></b>
Acupuncture	X	X
Adult mental health rehab/crisis	X	X
Alcohol/drug treatment	X	X
Child and teen checkup	X	
Chiropractic	X	X
Common carrier transportation	X	
Dental <sup>b</sup>	X	X
Emergency room	X	X
Eye exams	X	X
Eyeglasses	X	X
Family planning	X	X
Hearing aids	X	X
Home care <sup>c</sup>	X	X
Hospice care	X	X

<sup>69</sup> The Healthy Minnesota Contribution Program, a defined contribution program under MinnesotaCare for certain adults without children, was also eliminated January 1, 2014. This program provided enrollees with a defined contribution on a sliding scale to purchase private sector health coverage.

<sup>70</sup> Under MinnesotaCare, abortion services are covered “where the life of the female would be endangered or substantial and irreversible impairment of a major bodily function would result if the fetus were carried to term; or where the pregnancy is the result of rape or incest” (Minn. Stat. § 256L.03, subd. 1). Under MA, abortion services are covered to save the life of the mother and in cases of rape or incest (see Minn. Stat. § 256B.0625, subd. 16) and, as a result of a Minnesota Supreme Court decision, for “therapeutic” reasons (*Doe v. Gomez*, 542 N.W.2d 17 (1995)).

<b>Service</b>	<b>Children</b>	<b>Parents; Adults without children<sup>a</sup></b>
Hospital stay	X	X
Hospital care coordination	X	X
Immunizations	X	X
Interpreters (hearing, language)	X	X
Lab, x-ray, diagnostic	X	X
Medical equipment and supplies	X	X
Mental health	X	X
Mental health case management	X	X
Nursing facility care	X	
Outpatient surgical center	X	X
Physicians and clinics	X	X
Physicals/preventive care	X	X
Prescriptions	X	X
Rehabilitative therapies	X	X
School-based services	X	
Transportation: emergency	X	X
Transportation: special/common carrier	X	
<sup>a</sup> Benefit limitations and cost-sharing requirements apply. <sup>b</sup> MinnesotaCare covers the dental services covered under MA. MA coverage of dental services for adults who are not pregnant (and therefore MinnesotaCare coverage of dental services for this category of individuals) is limited to specified services (see <a href="#">Minn. Stat. § 256B.0625</a> , subd. 9). <sup>c</sup> Personal care attendant and private duty nursing services are covered for children, but are not covered for parents and adults without children.		

## Cost-sharing for Adults

Parents and adults without children, who are not pregnant, are subject to the following cost-sharing requirements.

### Cost-sharing Requirements

	Through December 31, 2015	Effective January 1, 2016 <sup>71</sup>
Inpatient hospital admission	None	\$150
Outpatient hospital visit	None	\$25
Ambulatory surgery (per surgery)	None	\$50
Emergency room visit (that does not result in an admission)	\$3.50	\$50
Nonpreventive office visit (does not apply to mental health services)	\$3	\$15
Radiology	None	\$25
Eyeglasses	\$25	\$25
Prescription drugs (generic)	\$3	\$6
Prescription drugs (brand name)	\$3	\$20
Prescription drug out-of-pocket monthly maximum	None	\$60

The new or higher cost-sharing requirements effective January 1, 2016, reflect the changes made by DHS to comply with the 2015 Legislature's requirement that MinnesotaCare cost-sharing be increased in a manner sufficient to reduce the actuarial value of the MinnesotaCare benefit to 94 percent.<sup>72</sup>

Children under age 21 and American Indians are not subject to cost-sharing under MinnesotaCare.

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<sup>71</sup> As specified in a November 5, 2015, memo from Nathan Morraco, DHS Assistant Commissioner, to House and Senate human services committee chairs and ranking members on changes in MinnesotaCare cost-sharing.

<sup>72</sup> Actuarial value is an estimate of the percentage of medical expenses incurred by a typical enrollee that will on average be paid by the insurer. The actuarial value of MinnesotaCare prior to the January 1, 2016, increase in cost-sharing is estimated to be 98 percent.

## Enrollee Premiums

### Sliding Premium Scale

*Adults enrolling in MinnesotaCare are charged a subsidized premium based upon a sliding scale.*

Effective August 1, 2015, MinnesotaCare enrollees age 21 and older pay monthly, per-person premiums based upon the following sliding scale.

**Sliding Premium Scale**

<b>Federal Poverty Guideline Greater than or Equal to</b>	<b>and Less than</b>	<b>Individual Premium Amount</b>
0%	35%	0
35%	55%	\$4
55%	80%	\$6
80%	90%	\$8
90%	100%	\$10
100%	110%	\$12
110%	120%	\$14
120%	130%	\$15
130%	140%	\$16
140%	150%	\$25
150%	160%	\$37
160%	170%	\$44
170%	180%	\$52
180%	190%	\$61
190%	200%	\$71
200%	—	\$80

See [Minn. Stat. § 256L.15](#), subd. 2.

This premium scale reflects a directive from the 2015 Legislature to increase premiums by an amount sufficient to increase the projected revenue in the Health Care Access Fund by at least \$27.8 million for the biennium ending June 30, 2017. Prior to this increase, premiums for enrollees with incomes between 150 percent and 200 percent of FPG ranged from \$29 to \$50.

The premium scale also reflects premium reductions required by the 2015 Legislature to comply with federal BHP requirements that premiums not exceed what the individual would otherwise have paid

for health coverage through the state's insurance exchange, after receipt of advance premium tax credits.

## Premium Exemption

American Indians and Alaska Natives, and members of their households, are exempt from MinnesotaCare premiums.

Members of the military and their families who are determined eligible for MinnesotaCare within 24 months of the end of the member's tour of active duty are exempt from premiums for 12 months.

## Nonpayment of Premiums

Unless an exemption applies, nonpayment of premiums results in disenrollment from MinnesotaCare coverage, effective the calendar month for which the premium was due. Enrollees who are disenrolled due to nonpayment of premiums may reinstate their coverage retroactively to the first day of disenrollment by paying all billed premiums within 20 days of disenrollment.<sup>73</sup>

## Prepaid MinnesotaCare

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*MinnesotaCare enrollees receive care through prepaid health plans.*

The Commissioner of Human Services contracts on a prepaid basis with participating entities to deliver health care services to MinnesotaCare enrollees. Participating entities include health maintenance organizations and other health carriers, county-based purchasing plans, certain accountable care organizations and county integrated health care delivery networks, and networks of health care providers (see definition in [Minn. Stat. § 256L.01](#), subd. 7).

MinnesotaCare enrollees receive health care services from these participating entities, rather than through a fee-for-service system. Participating entities receive a capitated payment from DHS for each MinnesotaCare enrollee, and in return are required to provide enrollees with all covered health care services for a set period of time.

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<sup>73</sup> The 2015 Legislature, as part of BHP federal compliance, directed DHS to provide enrollees who do not pay their premiums on time with a grace month, that will replace the 20-day reinstatement provision (coverage would end the month after the month for which the premium was due). In order to reinstate coverage, persons who are disenrolled would need to pay premiums for the grace month and a future month, with coverage taking effect the first day of the month after the month in which these premiums are paid. DHS expects to implement this new grace month policy in April 2016.



The 2014 Legislature required DHS to enter into contracts, as part of a statewide procurement, with participating entities to serve MinnesotaCare enrollees, beginning January 1, 2016. The ACA requires MinnesotaCare, as a BHP, to offer enrollees a choice of at least two participating entities in each county.

## Funding and Expenditures

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*Payments for services provided through MinnesotaCare in fiscal year 2014 were \$520 million.*

Total payments for health care services provided through MinnesotaCare were \$520 million in fiscal year 2014. Forty-eight percent of this amount was paid for through state payments from the health care access fund. The remainder was paid from federal funding received under the Prepaid Medical Assistance Project Plus (PMAP+) waiver,<sup>74</sup> the Minnesota's Children's Health Insurance Program (CHIP)<sup>75</sup> allotment, and enrollee premiums (this category also includes enrollee cost-sharing).

Since January 1, 2015, the state has received, for each MinnesotaCare enrollee, a payment under the basic health program payment equal to 95 percent of the subsidy the person would have received through MNsure, the state's health insurance exchange, had the state not operated MinnesotaCare as a basic health program. This basic health program payment has replaced the federal match that had been received for MinnesotaCare enrollees under the PMAP+ waiver. The federal basic health plan payment is estimated to be \$110.2 million for fiscal year 2015 and \$256.3 million for fiscal year 2016.<sup>76</sup>

Funding for the state share of MinnesotaCare costs, and for other health care access initiatives, is provided by:

- ▶ A 2 percent tax on the gross revenues of health care providers, hospitals, surgical centers, and wholesale drug distributors (sometimes referred to as the "provider tax"); and

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<sup>74</sup> The state's health care reform waiver (now referred to as the Prepaid Medical Assistance Project Plus or PMAP+ waiver) was approved by the federal government in April 1995. The waiver, and subsequent waiver amendments, exempts Minnesota from various federal requirements, gives the state greater flexibility to expand access to health care through the MinnesotaCare and MA programs, and allows the state to receive federal contributions (referred to as "federal financial participation" or FFP) for services provided to MinnesotaCare enrollees. The PMAP+ waiver was most recently reauthorized by the federal Centers for Medicare and Medicaid Services through December 31, 2015.

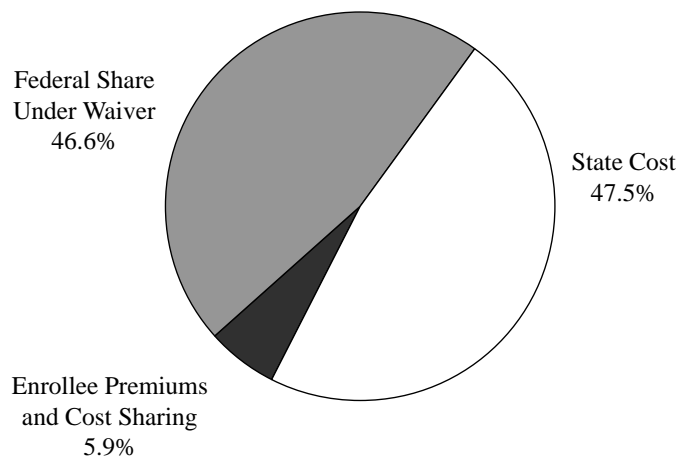
<sup>75</sup> The state was able to make a claim against its CHIP allotment for the difference between the CHIP federal matching rate for Minnesota (65 percent) and the Medicaid federal matching rate for Minnesota, for the cost of services provided to children under age 21 whose family income is greater than 133 percent of FPG.

<sup>76</sup> DHS February 2015 Forecast, Background Tables – MinnesotaCare, page 61, August 22, 2015.

- ▶ A 1 percent premium tax on health maintenance organizations and nonprofit health service plan corporations.

Medicare payments to providers are excluded from gross revenues for purposes of the gross revenues taxes. Other specified payments, including payments for nursing home services, are also excluded from gross revenues.

### MinnesotaCare Funding (FY 2014)



Source: DHS Reports and Forecasts Division

The tax rate on health care providers can be reduced, if the Commissioner of Management and Budget determines by December 1 of each year that the ratio of revenues to expenditures and transfers for the health care access fund for the biennium will exceed 125 percent. If this determination is made, the commissioner must reduce the rate so that the projected ratio of revenues to expenditures and transfers for the biennium will not exceed 125 percent. Any rate reduction expires after one year and the future rate is subject to annual redetermination by the commissioner.

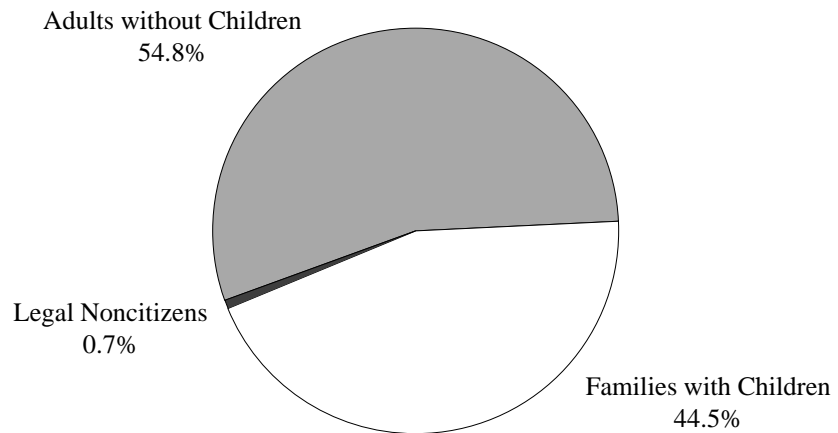
The MinnesotaCare tax on the gross revenues of health care providers is scheduled to be repealed, effective for gross revenues received after December 31, 2019.

## Recipient Profile

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As of August 2015, 120,892 individuals were enrolled in the MinnesotaCare program. Just over one-half of enrollees are adults without children. Just under one-half of enrollees are parents and children ages 19 and 20 (most children 18 and under being eligible for MA). Under 1 percent of enrollees are legal noncitizens who are not eligible for MA due to immigration status (see footnote 62).

**MinnesotaCare Enrollment  
(August 2015)**



Source: DHS Reports and Forecasts Division

# Subsidized Health Coverage through MNsure

MNsure, the state's health insurance exchange, was established by the 2013 Legislature as part of implementation of the Affordable Care Act (ACA). Individuals who are not eligible for Medical Assistance (MA) or MinnesotaCare, with incomes that do not exceed specified guidelines, may be eligible for premium tax credits and cost-sharing reductions to purchase health coverage on a subsidized basis through MNsure. This chapter describes eligibility, covered services, enrollee premiums and cost-sharing, and other aspects of subsidized coverage available through MNsure.

## Availability of Coverage through MNsure

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### Establishment and Role of MNsure

*MNsure, the state's health insurance exchange, offers individual and small employer coverage.*

MNsure, the state's health insurance exchange, was established by the 2013 Legislature as part of implementation of the federal Affordable Care Act (ACA). MNsure was established as a state board and is governed by a seven-member board of directors (see [Minn. Stat. § 62V.04](#)).

The ACA requires health insurance exchanges to:

- ▶ facilitate access to individual and small group coverage through the offering of standard benefit and cost-sharing packages, referred to as qualified health plans;
- ▶ determine eligibility for premium tax credits and cost-sharing reductions; and
- ▶ determine eligibility for state public health care programs.

### Plan Selection and Enrollment

Individuals and small employers (two to 50 full-time employees<sup>77</sup>) may select and purchase a private sector health plan through MNsure or through a private sector insurance agent, and may also obtain assistance in selecting a plan from navigators and other assisters. Large group coverage is not currently available through MNsure. The ACA allows states to expand exchange coverage to include large

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<sup>77</sup> Under the ACA, the definition of small employer was to expand to 100 full-time employees, effective January 1, 2016. The Protecting Affordable Coverage for Employees (PACE) Act (H.R. 1624), signed into law on October 7, 2015, retains the current definition of small employer (two to 50 employees) but gives states the option to expand the definition to individual employers with up to 100 employees.

employer groups, beginning in 2017.

For most individuals, coverage through MNsure is available during an annual open enrollment period. The most recent open enrollment period ran from November 1, 2015, through January 31, 2016. Individuals and families who experience a qualifying life-change event, such as birth or adoption, marriage, or loss of health coverage (for reasons other than failing to pay premiums or turning down available coverage), are allowed to purchase coverage through MNsure outside of the open enrollment period and still receive premium tax credits and cost-sharing reductions, if eligible.

## **Qualified Health Plan Coverage**

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The ACA requires health coverage offered through an exchange to meet the standards of a qualified health plan, including standards related to covered benefits and cost-sharing. In addition, health coverage offered through an exchange must meet the regulatory requirements specified in state and federal law that apply to health coverage generally.

### **General Requirements**

ACA standards for a qualified health plan include, but are not limited to:

- ▶ meeting certification standards established by the federal government, such as those relating to marketing practices, provider adequacy, quality measurement and improvement, and the use of standard forms;
- ▶ providing the essential health benefits package (described below);
- ▶ being offered by health insurers that meet specified requirements;<sup>78</sup> and
- ▶ meeting any state-specific standards for certification as a qualified health plan.<sup>79</sup>

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<sup>78</sup> For example, health insurers must be licensed by the state, offer at least one silver-level plan and one gold-level plan through the state exchange, and charge the same premiums for a plan inside and outside the exchange (section 1301 of the Affordable Care Act, Pub. L. No. 111-148 and 111-152).

<sup>79</sup> Minnesota law contains a number of provisions that are intended to comply with more general ACA directives and requirements related to health plan certification and insurance regulation. In addition, MNsure has the option to serve as an “active purchaser” by selecting qualified health plans for participation in the exchange. To

## Essential Health Benefits

*Qualified health plans must provide essential health benefits and meet other requirements.*

Qualified health plans must provide “essential health benefits” as required under the ACA. The ACA requires essential health benefits to include at least the following ten categories of items and services:

- ▶ ambulatory patient services
- ▶ emergency services
- ▶ hospitalization
- ▶ maternity and newborn care
- ▶ mental health and substance use disorder services, including behavioral health treatment
- ▶ prescription drugs
- ▶ rehabilitative and habilitative services and devices
- ▶ laboratory services
- ▶ preventive and wellness services and chronic disease management
- ▶ pediatric services, including oral and vision care

Federal guidance issued under the ACA allowed each state to designate its essential health benefit package by choosing among four categories of benchmark plans, supplementing the benchmark plan as necessary to cover the ten categories of essential health benefits specified above.<sup>80</sup> Minnesota, by not choosing a specific benchmark plan, opted for the federal essential health benefit default—the largest health plan by enrollment in the largest product in the state’s small group market. The original ACA guidance permitted states to designate this plan as its definition of essential health benefits for at least 2014 and 2015. The federal government has since extended existing state designations of essential health benefits through 2016, and will revisit the issue for coverage that would be in effect in 2017.

## Cost-sharing

The ACA sets limits for cost-sharing under a qualified health plan and also classifies qualified health plans based on actuarial value. These requirements apply to individual and small group policies issued both

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date, MNsure has not implemented this active purchaser option.

<sup>80</sup> Center for Consumer Information and Insurance Oversight, Essential Health Benefits Bulletin, December 16, 2011.

inside and outside the exchange.

Annual out-of-pocket limits for a qualified plan cannot exceed federal limits that apply to health savings account-qualified, high-deductible health plans. For 2015, these limits were \$6,600 for single coverage and \$13,200 for family coverage (limits are adjusted annually). The ACA also prohibits health insurers from applying cost-sharing (e.g., copayments, coinsurance, or deductibles) to certain preventive services.<sup>81</sup>

Certain low-income individuals, and American Indians and Alaska Natives, qualify for health coverage through the exchange with reduced, or no, cost-sharing (see section on cost-sharing reductions on page 111).

### **Actuarial Value and Metal Levels**

The ACA requires insurers in the individual and small group markets to align their coverage to conform to one or more “metal levels” that correspond to different actuarial values. Actuarial value (AV) is an estimate of the percentage of medical expenses incurred by a typical enrollee that will on average be paid by the insurer.

The ACA metal levels, and corresponding actuarial values, are as follows: bronze (60 percent), silver (70 percent), gold (80 percent), and platinum (90 percent). As an example, the silver metal plan will pay 70 percent of the medical expenses of the typical enrollee; the remaining 30 percent would be the enrollee’s share of the cost of coverage. Plans with higher actuarial values will on average charge higher premiums but require less enrollee cost-sharing, while plans with lower actuarial values will on average charge lower premiums, but require more enrollee cost-sharing.

### **Other Insurance Requirements**

Qualified health plans must comply with other applicable federal and state health insurance requirements. The ACA, for example, requires plans to cover dependents up to age 26, requires guaranteed issue and renewal, sets loss ratios, and limits the extent to which plans can impose annual maximum dollar limits for coverage. These requirements apply uniformly to all health carriers and health plans in

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<sup>81</sup> Section 2713 of the ACA requires health insurers to provide coverage, without cost-sharing, for certain preventive services recommended by specified professional medical bodies, such as the U.S. Preventive Services Task Force and the Institute of Medicine.

the individual and small group markets, whether the plan is offered through MNsure or directly by an insurer.

## **Subsidies for the Purchase of Qualified Health Plans**

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Individuals who are not eligible for MA, MinnesotaCare, or other specified types of health coverage, who have incomes<sup>82</sup> that are greater than 200 percent but do not exceed 400 percent of the federal poverty guidelines (FPG) for household size, may be eligible to receive premium tax credits to subsidize the purchase of health coverage through MNsure. Individuals with incomes greater than 200 percent but less than or equal to 250 percent of FPG may also be eligible to receive subsidies to reduce enrollee cost-sharing. The cost of providing premium tax credits and cost-sharing reductions is borne by the federal government.

### **Eligibility for Premium Tax Credits**

In order to be eligible for a federal premium tax credit through MNsure, an individual must:

*Individuals purchasing coverage through MNsure may qualify for premium tax credits.*

- ▶ be enrolled in coverage through MNsure;
- ▶ not be eligible for other specified health coverage;
- ▶ have an income greater than 200 percent but not exceeding 400 percent of FPG; and
- ▶ file a federal income tax return.

The premium tax credit is refundable—it is available to all who are eligible, even persons with little or no income tax liability. Refundable credits in excess of tax liability are paid as refunds.

**Coverage through MNsure.** In order to be eligible for a premium tax credit, an individual must be enrolled in individual health coverage through MNsure. This means that a person must meet the following eligibility criteria for purchasing a qualified health plan through MNsure, whether subsidized or unsubsidized:

- ▶ be lawfully present (a citizen or legal noncitizen)

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<sup>82</sup> Income eligibility for premium tax credits and cost-sharing subsidies is determined using modified adjusted gross income (MAGI). MAGI is defined as adjusted gross income increased by: (1) the foreign earned income exclusion; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax (I.R.C. § 36B).



- ▶ meet state residency standards
- ▶ not be incarcerated

**Not eligible for other health coverage.** To be eligible for a premium tax credit, an individual must not be eligible for other health coverage (referred to as “minimum essential coverage” under the ACA). Minimum essential coverage includes, but is not limited to, coverage through Medicaid, Medicare or another government program, and employer-sponsored coverage, except that persons may be eligible for subsidies if they have: (i) coverage in the individual market; or (ii) employer-sponsored coverage that is unaffordable (premiums for the employee cost more than 9.56 percent of household income<sup>83</sup>) or does not provide minimum value (the plan covers less than 60 percent of total average health care costs).

**Meet program income limit.** In order to be eligible for premium tax credits, individuals must have an income that is greater than 200 percent but does not exceed 400 percent of FPG (see table on page 108 for FPG dollar amounts for different household sizes). The ACA sets a floor of 100 percent of FPG for eligibility for premium tax credits, but also provides that persons eligible for minimum essential coverage or a basic health program (such as MinnesotaCare) are not eligible for premium tax credits. This means that in Minnesota, adults with incomes less than or equal to 200 percent of FPG are not eligible for premium tax credits because they are eligible for MA or MinnesotaCare.<sup>84</sup> Similarly, most children with incomes not exceeding 275 percent of FPG (ages 2 to 18) or 283 percent of FPG (children under age 2) are not eligible for premium tax credits because they are eligible for MA.

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<sup>83</sup> This percentage is indexed; the percentage for 2016 will be 9.66 percent. The IRS final rule on eligibility for premium tax credits determines affordability for related individuals (i.e., family members) based on the cost of the employee premium for self-only coverage. If the affordability percentage is met for this employee self-only coverage, both the employee and family members are ineligible for premium tax credits, regardless of the cost of dependent or family health coverage (I.R.C. § 1.36B-2).

<sup>84</sup> The DHS Insurance Affordability Programs Manual, section 200.10, Hierarchy for Program Eligibility, states that persons eligible for MA are not eligible for MinnesotaCare or a premium tax credit, and persons eligible for MinnesotaCare are not eligible for a premium tax credit. The MA income limit for parents, caretakers, children 19 to 20, and adults without children is 133 percent of FPG. MinnesotaCare is available to persons with incomes greater than 133 percent of FPG but not exceeding 200 percent of FPG. Legal noncitizens who are not eligible for MA due to immigration status may be eligible for MinnesotaCare, and would then not be eligible for advanced premium tax credits and cost-sharing subsidies through MNsure.

**File a federal income tax return.** Individuals must file a federal income tax return to qualify for a premium tax credit, since the tax credits are administered through the federal tax system.

**Income Limits for Premium Tax Credits**

(Effective 1/1/15 to 12/31/15)

<b>Family Size</b>	<b>&gt; 200% FPG</b>	<b>≤ 400% FPG</b>
1	\$23,340	\$46,680
2	31,460	62,920
3	39,580	79,160
4	47,700	95,400
5	55,820	111,640
6	63,940	127,880
7	72,060	144,120
8	80,180	160,360
Add'l	8,120	16,240

Source: Minnesota Department of Human Services

**Amount of Premium Tax Credit**

The amount of premium tax credit that an eligible person receives varies from person to person.

The maximum premium tax credit amount is equal to the difference between the premium cost of the enrollee’s benchmark plan and the enrollee’s expected premium contribution.

The *benchmark plan* is the second lowest cost silver plan available in the enrollee’s geographic area for coverage of the enrollee and any dependents. A silver plan is one that has an actuarial value of 70 percent (i.e., covers on average at least 70 percent of medical expenses).<sup>85</sup> MNsure has designated nine geographic areas for purposes of setting insurance premium rates.

The *expected premium contribution* is the amount of income an individual or family is expected to contribute toward the cost of health coverage. The amount is determined by multiplying household

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<sup>85</sup> Qualified health plans offered through the exchange must provide coverage at one of the following metal levels, which vary with the actuarial value of the benefits covered, as follows: bronze (60 percent), silver (70 percent), gold (80 percent), and platinum (90 percent).

income by a percentage that, for 2015 in Minnesota, varies from 6.34 percent to 9.56 percent based on a sliding scale. This percentage is a measure of affordability—a maximum percentage of income that the ACA requires a household to spend on premiums before a premium tax credit is made available.

The table below specifies these percentages of income for different income levels, based on the federal poverty guidelines. Within each income range, the percentage of income (that must be spent on premiums before a premium tax credit is made available) increases in a linear manner, based on a sliding scale. For example, an individual with income at 275 percent of FPG (this being one-half of the FPG range in the table) would be required to spend 8.83 percent of income in 2015 before a premium credit applies (this being one-half the percentage of income range).

**Sliding Scale for Premium Tax Credits**

% FPG	Expected Premium Contribution, as % of Household Income (Indexed Annually)	
	2016	2015
At least 200 but less than 250	6.41 - 8.18	6.34 - 8.1
At least 250 but less than 300	8.18 - 9.66	8.1 - 9.56
At least 300 but not greater than 400	9.66	9.56

Note: The ACA sets expected premium contributions, ranging between 2.03 percent and 6.41 percent of income, for households with incomes at or below 200 percent of FPG. These contribution percentages do not apply in Minnesota, since persons at this income level are not eligible for premium tax credits through MNsure and instead are eligible for coverage through MA or MinnesotaCare.

The *premium tax credit* is the difference between the cost of the second-lowest-cost silver plan (the benchmark plan) and the enrollee’s expected premium contribution. If the premium cost of the benchmark plan is less than the dollar amount of the expected premium contribution, no premium credit is provided.

While the amount of the premium tax credit is calculated for an enrollee based on the premium cost of a single plan (the benchmark plan) using a sliding scale based on household income and family size, the premium tax credit is available to enrollees regardless of the type of plan chosen. The maximum amount of the tax credit is fixed based on the calculation relative to the benchmark plan and does not vary with the type of plan chosen. Given this, persons who choose a higher cost plan, relative to the benchmark plan, will pay higher premiums out-of-pocket, after application of the advanced premium tax credit.

Persons who choose a lower cost plan, relative to the benchmark plan, will pay lower premiums out of pocket, after application of the advanced premium tax credit.

The table below provides an example of how an individual's out-of-pocket share of premium cost varies with the overall premium cost of the coverage purchased, given that the amount of the premium tax credit is fixed. This example assumes that a 40-year-old individual residing in southwest Minnesota, with a monthly income of \$1,946 per month (just over 200 percent of FPG), applies for a premium tax credit for coverage in calendar year 2015. Persons with household incomes just over 200 percent of FPG must pay a maximum of 6.34 percent of income in premiums for health coverage (about \$123 month). The amount of the premium tax credit is the difference between the cost of the second-lowest-cost silver plan in the individual's geographic region (the benchmark plan) and the individual's expected premium contribution of \$123. The amount of the premium paid out-of-pocket by the individual, as noted above, depends on whether the individual chooses the benchmark plan, or a plan with a higher or lower premium cost than the benchmark plan.

**Example of Premium Tax Credit Calculation**  
 (for 40-year old individual with income just over 200% FPG residing in southwest Minnesota)

Monthly Premium Cost Before any Tax Credit	Monthly Premium Tax Credit	Individual's Monthly Premium Payment After any Tax Credit
\$262	\$159	\$103
\$282*	\$159	\$123
\$302	\$159	\$143

\* This dollar amount is the cost of a benchmark plan for 2015 for a 40-year-old individual residing in MNsure geographic area 1 (southwest Minnesota), as reported in *Health Care Coverage and Plan Rates for 2015: A Snapshot of 2015 Premiums and Tax Credits*.

**Administration and Reconciliation of Tax Credits**

Individuals apply for premium tax credits and cost-sharing subsidies through MNsure. Persons eligible for the tax credit may claim the credit in advance or may obtain the credit when filing a federal income tax return for the tax year in which the credit applies. If a person claims the credit in advance, the federal government pays the estimated credit directly to the insurance company from whom the person receives coverage through a qualified health plan. The insurance company then reduces the premium by the amount of the

credit, and the person must pay the balance of the premium to the insurance company.

The amount of premium tax credits received in advance is based on an estimate of income expected for the year. The final amount of premium tax credits is based on actual income as reported on the enrollee's tax return. This means that persons who receive advanced tax credits must "reconcile" the estimated and final amounts as part of the tax filing process. Persons whose actual income for the year is higher than estimated income may need to pay back some or all of the advanced premium tax credits received (e.g., by having the amount subtracted from any tax refund, or by payment of the amount to the IRS if no refund is received). Persons whose actual income is lower than the estimated income may get a refund when filing taxes, or have the amount of taxes owed reduced by the amount of underpayment of the tax credit.

The amount of excess advanced premium tax credits that must be repaid by persons with incomes less than 400 percent of FPG is limited by a dollar cap that increases with income.<sup>86</sup> Persons with incomes greater than 400 percent of FPG must repay the full amount owed.

*Persons with incomes not exceeding 250 percent of FPG may qualify for cost-sharing reductions.*

### **Cost-sharing Reductions**

Individuals purchasing coverage through MNsure are subject to deductibles, copayments, and other cost-sharing requirements that vary with the actual health plan purchased, subject to an annual out-of-pocket limit. Persons who receive premium tax credits, with incomes greater than 200 percent but not exceeding 250 percent of FPG,<sup>87</sup> qualify for an enhanced silver health plan that provides a cost-sharing reduction, in the form of an increase in the plan's actuarial value to 73 percent (the actuarial value for a regular silver plan is 70 percent). In addition, American Indians and Alaska Natives are eligible for coverage with no, or reduced, cost-sharing.

Based on federal guidance, the 73 percent actuarial value is generally achieved by first reducing the regular silver plan's annual out-of-pocket limit, and then reducing other cost-sharing requirements as

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<sup>86</sup> For married couples filing jointly, the dollar cap based on income as a percentage of FPG is as follows: (1) less than 200 percent of FPG, \$600; (2) at least 200 percent but less than 300 percent of FPG, \$1,500; and (3) at least 300 percent but less than 400 percent of FPG, \$2,500. The dollar cap for single tax filers is one-half of the amount that applies to joint filers. For taxable years beginning after December 31, 2014, these dollar caps may be adjusted to reflect changes in the Consumer Price Index.

<sup>87</sup> The ACA also provides cost-sharing reductions to persons with incomes at or below 200 percent of FPG. These reductions do not apply in Minnesota, since persons at this income level are not eligible for subsidized coverage through MNsure and instead are eligible for coverage through MA or MinnesotaCare.

needed. For example, for calendar year 2016 coverage, health insurers must provide persons with incomes greater than 200 percent but not exceeding 250 percent of FPG with a lower annual out-of-pocket maximum of \$5,450 (compared to the regular maximum of \$6,850). Health insurers then have the flexibility to further reduce the annual out-of-pocket limit, and reduce deductibles and other cost-sharing, as needed to achieve the 73 percent actuarial value. The federal guidance allows the actuarial value for the enhanced silver plan to vary between 72 percent and 74 percent, but also requires this actuarial value to be at least one percentage point higher than the actuarial value of the regular silver plan that the enhanced silver plan is based on.

Eligible individuals do not have to take action to receive a cost-sharing reduction; if they purchase coverage through MNsure and select a silver plan, they are simply enrolled in the enhanced silver plan that is linked to that regular silver plan.

American Indians and Alaska Natives with incomes that do not exceed 300 percent of FPG are exempt from cost-sharing altogether (they receive a 100 percent cost-sharing reduction plan at all metal level choices). American Indians and Alaska Natives with incomes greater than 300 percent of FPG are exempt from cost-sharing for services received at Indian Health Service facilities and tribal and urban Indian organization providers, or for essential health benefits received as a result of a referral from these providers, and are eligible for reduced cost-sharing for other services.

In contrast to premium tax credits, eligibility for a cost-sharing reduction does not change to reflect differences in estimated and actual income, and there is no requirement for financial reconciliation at the end of a coverage year.<sup>88</sup>

## **Financing Subsidized Coverage**

*The cost of MNsure subsidies is borne by the federal government.*

The cost of providing subsidies for the purchase of qualified health plans is borne by the federal government. Premium tax credit payments are made by the federal government directly to health insurers (if a recipient chooses to receive the payments in advance) or to the recipient through the tax-filing process (if the recipient does not elect to receive the tax credit in advance).

Health insurers are also reimbursed by the federal government for any cost-sharing reductions provided. Health insurers are required to

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<sup>88</sup> See National Alliance of State and Territorial AIDS Directors, "Premium Tax Credits and Cost Sharing Subsidies," Health Reform Issue Brief, June 2013.

submit to the federal Department of Health and Human Services estimates of the amount of cost-sharing reductions they expect to provide for the coming year and will receive payments from the federal government based on these estimates. Insurers must submit at a later date the actual amounts of cost-sharing reductions provided. The estimated and actual amounts of cost-sharing reductions provided are periodically reconciled.

## **Enrollment Statistics**

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*As of September 2015, over 70,000 individuals were enrolled in qualified health plans.*

As of September 13, 2015, 70,762 individuals were enrolled in a qualified health plan through MNsure. An additional 225,503 individuals were enrolled through MNsure in MA and an additional 60,678 in MinnesotaCare.<sup>89</sup>

Based on July 2015 enrollment data submitted by the health plans, 55 percent of qualified health plan enrollees received advanced premium tax credits, and 15 percent of qualified health plan enrollees received cost-sharing reductions.

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<sup>89</sup> Statistics in this section are from MNsure Metrics Dashboard, prepared for the MNsure Board of Directors meeting, September 16, 2015. These enrollment numbers include persons who are newly insured and persons who have renewed or switched existing coverage.





## Other Family Assistance Programs

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# Child Care

Child Care assistance programs receive federal, state, and county funds to subsidize the child care expenses of eligible families, including families participating in the Minnesota Family Investment Program (MFIP) or the Diversionary Work Program (DWP) with household incomes less than or equal to 67 percent of the state median income, and working families or students who receive no cash assistance and have incomes at or below 47 percent of the state median income, adjusted for family size, at program entry and up to 67 percent of the state median income, adjusted for family size, at program exit.

## Administration

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### Congress

The federal government supports child care assistance through the Child Care and Development Fund (CCDF) established by Congress in 1996 as part of federal welfare reform. Previous federal child care programs were repealed by The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which created CCDF as a unified child care fund. The Child Care and Development Block Grant Act of 2014 renewed authority for CCDF through federal fiscal year 2020.

*The federal government supports child care assistance through the Child Care and Development Fund established by Congress in 1996.*

In addition to appropriating money for the CCDF, Congress authorized states to transfer up to 30 percent of the annual federal Temporary Assistance for Needy Families (TANF) block grant to the CCDF to be used for child care assistance and the development of child care.

### U.S. Department of Health and Human Services (DHHS)

The CCDF is administered by the Administration for Children and Families in the DHHS. Federal legislation requires states to submit a plan to the secretary of DHHS. The plan must provide for parental choice of providers, unlimited parental access to children in child care, provisions to record parental complaints, consumer education, compliance with state licensing requirements, compliance with health and safety requirements to protect children, and provisions to meet the needs of certain groups including families attempting to transition off of cash assistance programs through work. DHHS issued final CCDF rules in July 1998. Eligibility criteria and payment methods are set in the federal rules which also direct the governor to appoint a lead

agency to administer the child care fund. The lead agency in Minnesota is the Department of Human Services (DHS).

## Minnesota State Legislature

*Minnesota subsidizes the cost of child care for welfare recipients and other low-income families.*

The Minnesota Legislature established a statewide child care assistance program to subsidize the cost of child care for welfare recipients and other low-income families in 1985. In 1989, the legislature separated the funding for the basic sliding fee child care assistance program from the funding that provided child care assistance as an entitlement for eligible families receiving welfare. Working families who did not receive cash assistance were eligible for the basic sliding fee program under a limited and capped funding allocation.

Minnesota child care assistance law is primarily found in [Minnesota Statutes, chapter 119B](#), which:

- ▶ authorizes the commissioner of DHS to receive, administer, and expend funds from the CCDF;
- ▶ establishes the MFIP child care assistance program for MFIP or DWP families who are engaged in authorized activities and families who are transitioning off MFIP or DWP;
- ▶ establishes the basic sliding fee child care assistance program for non-MFIP families who are income-eligible and employed, actively seeking employment, or are students;
- ▶ establishes a program that provides continuing child care assistance for families who move;
- ▶ defines priorities for funding;
- ▶ establishes parental choice of provider;
- ▶ establishes child care rates;
- ▶ authorizes the commissioner to adopt rules for the child care assistance programs; and
- ▶ establishes a formula to allocate federal and state money to counties to provide assistance through the basic sliding fee program.

The legislature appropriates money for both MFIP child care assistance and basic sliding fee child care assistance.

## Minnesota Department of Human Services (DHS)

The Minnesota Department of Human Services (DHS) is responsible for coordinating child care assistance appropriations and maximizing the use of federal child care assistance funds. DHS establishes standards for county boards to provide child care assistance to eligible families. The standards are found in [Minnesota Rules, chapter 3400](#), which:

*Each Minnesota county must adopt written policies on child care assistance, provide information on child care programs, and maintain a waiting list for basic sliding fee assistance.*

- ▶ defines family eligibility for all child care assistance programs;
- ▶ provides for payment methods and procedures for child care subsidies; and
- ▶ establishes administrative responsibilities for counties.

DHS supervises county administration of child care assistance programs, provides training and technical support services, and reimburses counties for the cost of child care assistance. DHS allocates funding to the counties for the basic sliding fee program. The allocation for each county is based on a formula in [Minnesota Statutes, chapter 119B](#), and is limited by state and federal appropriations.

DHS is also authorized to contract with Indian tribes that have a reservation in Minnesota to operate child care assistance programs.

### Counties

In Minnesota, counties administer child care assistance programs. Counties must accept applications for child care assistance and determine a family's eligibility for assistance. Counties must make assistance payments to the provider or to the family if using an in-home child care provider. Each county must adopt written policies on child care assistance, provide information on child care programs, and maintain a waiting list for basic sliding fee assistance if funding is not sufficient to meet the need for assistance.

Counties must determine if child care providers are eligible to receive a subsidized payment through the child care assistance programs. Counties must register participating legal nonlicensed child care providers and must refer parental health and safety complaints about registered providers to the appropriate agency.

Counties are required to use local funding sources to make a financial contribution to child care assistance programs. Each county must submit a child care fund plan to DHS. The plan must certify that the county has not used money from the child care fund to supplant other

available federal and state funding sources, but has maintained a comparable level of effort.

## **Eligibility Requirements**

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*Child care assistance programs reduce child care expenses for eligible families according to a sliding fee scale.*

Child care assistance programs reduce child care expenses for eligible families according to a sliding fee scale. The purpose of the assistance is to enable families to seek or retain employment, or to participate in education or training that leads to employment. A family must apply for child care assistance. To be eligible, a family must:

- ▶ have income within the income guidelines based on family size;
- ▶ have all parents participating in an authorized activity;
- ▶ choose a legal child care provider (licensed family or center child care, or legal nonlicensed family, individual, or center care); and
- ▶ cooperate with child support enforcement for all children in the assisted household and assign the child care portion of child support to the state.

Maximum subsidies are established by a market rate survey administered by DHS and are based on the age of the child, type of child care, and the county of residence.

### **Eligible Children, Families, and Caregivers**

The child care assistance programs provide a child care subsidy for the care of children in eligible families who are under the age of 12 or for the care of disabled children in eligible families up to the age of 14.

“Family” for the child care assistance programs includes:

- ▶ family members living in the same home including parents, stepparents, guardians and their spouses, other eligible relative caregivers and their spouses, and dependent children under the age of 18 who are related by blood or adoption;
- ▶ dependent children under age 18 who are temporarily absent from the home for school, foster care, or residential treatment;
- ▶ parents, stepparents, guardians and their spouses, and other relative caregivers and their spouses temporarily absent from

the home for school, military service, or rehabilitation programs; and

- ▶ adults age 18 or older who meet the definition of family, are attending high school or postsecondary school, and receive 50 percent or more of their income from family members living in the same household.

For a minor parent living with relatives, “family” includes only the minor parent or parents and their children.

## **MFIP Child Care Eligibility**

*MFIP child care is a fully funded program that provides a child care subsidy to eligible MFIP families.*

MFIP child care is a fully funded program that provides a child care subsidy to eligible MFIP or DWP families who participate in authorized education and employment activities. Family members must be participating in an authorized activity. MFIP families who choose to forego the cash assistance grant are also eligible for child care assistance for authorized activities.

**MFIP** child care assistance is provided for the following:

- ▶ DWP families participating in employment orientation or job search, or other employment or training in an approved employment plan
- ▶ MFIP families participating in employment earning at least the minimum wage for an average of 20 hours per week or more (ten hours per week for full-time students) or job search, as authorized, for up to 240 hours per year
- ▶ MFIP families participating in work, job search, job support, employment, or training activities as required in their employment plan or in appeals, hearings, assessments, or orientations
- ▶ transition year families who meet certain employment or job search requirements
- ▶ MFIP families participating in social services activities as required in an approved employment plan
- ▶ MFIP families who are participating in services or activities included in an approved family stabilization plan
- ▶ families who are participating in programs required in tribal contracts
- ▶ families participating in transition year extension
- ▶ student parents who meet certain requirements

**A family required to participate in social services activities** in the family's employment plan may be eligible for subsidized child care through the MFIP child care program. Social services activities include parent education, chemical dependency counseling or treatment, or mental health counseling or treatment.

## **Transition Year Child Care Eligibility**

Transition year child care assistance is a fully funded program that provides one year of child care assistance to families who leave MFIP or DWP. Eligibility for transition year assistance begins the first month that a family is ineligible for MFIP or DWP and continues for 12 consecutive months.

Eligible families are provided transition year child care assistance for employment or job search activities.

If, after the transition year has ended, the family continues to be eligible for child care assistance, but cannot be moved to Basic Sliding Fee because the county lacks funds and there is a waiting list, the family will be moved to the Transition Year Extension program for the length of time needed to be moved from the Basic Sliding Fee waiting list to the program.

## **Basic Sliding Fee Child Care Eligibility**

Basic sliding fee child care assistance provides child care assistance for families who are not participating in MFIP or receiving transition year child care assistance. Eligible families must meet income requirements and participate in authorized activities. Assistance to eligible families is limited by the availability of federal and state funding.

## **Income Limits for Child Care Assistance**

Families receiving assistance through the MFIP child care program must be income eligible for the MFIP cash assistance program (see page 17). Families receiving assistance through the MFIP transition year or basic sliding fee program must have incomes at or below 47 percent of the state median income, adjusted for family size, at program entry and up to 67 percent of state median income, adjusted for family size, at program exit.



*Annual income limits for participation in Minnesota’s child care assistance programs are based on state median income.*

Annual income limits for participation in Minnesota’s child care assistance programs are based on the state median income. The state median income for a family of four is \$92,111 for federal fiscal year 2016. Families with incomes at or below 47 percent of the state median income are eligible for child care assistance at program entry and within incomes up to 67 percent of the state median income at program exit. The chart below shows income eligibility for families with two to six members for federal fiscal years 2015 and 2016. Prior to fiscal year 2004, the maximum income eligibility level was set at 75 percent of state median income. The state briefly converted to the federal poverty guidelines as the income standard between 2004 and 2008, but then converted back to state median income effective July 2008.

**Exit Income Limits for Basic Sliding Fee and Transition Year Child Care Assistance**

Family Size	Exit Income Limit	
	FY 2015	FY 2016
2	\$40,925	\$41,966
3	50,554	51,841
4	60,183	61,714
5	69,812	71,589
6	79,442	81,463

Source: Department of Human Services

**Annual gross income is the basis for determining income eligibility** for child care assistance. Gross income includes earned income, self-employment income, unearned income, and lump sum payments received by all family members. Income excludes payments of health insurance premiums, Supplemental Security Income, scholarships, education grants and work-study income, tuition loans and reimbursements, earned income tax credits, in-kind assistance including, but not limited to child care assistance, foster care assistance, earned income of student family members up to the age of 19 without a high school diploma or GED, family subsidy program grants, lump sum payments used for a directed purpose, and child care support assigned to the state.

Beginning August 1, 2016, income includes earned income, unearned income, and public assistance cash benefits, including MFIP, DWP, MSA, GA, refugee cash assistance, at-home infant child care subsidy payments, and child support distributed to the family. Income deductions will include: funds used to pay for health insurance

premiums for family members and child or spousal support paid to or on behalf of a person or persons who live outside of the household.

**Earned income for wage and salary employees** is the total amount of income from employment before any payroll deductions. It includes the following:

- ▶ salaries and wages
- ▶ tips and gratuities
- ▶ commissions and incentive payments
- ▶ employer payments for accrued vacation and sick leave
- ▶ profits earned by an individual
- ▶ uniform and meal allowances if federal taxes are deducted
- ▶ flexible employer benefits selected by an employee in place of cash
- ▶ fair market value of housing included in compensation

Beginning August 1, 2016, earned income will include bonuses, severance pay based on accrued leave time, payments from training programs at a rate at or greater than the state's minimum wage, royalties, honoraria, or other profit from activity resulting from the participant's work, service, effort, or labor.

**Unearned income includes the following:**

- ▶ assistance payments including cash assistance
- ▶ interest and dividends
- ▶ benefit payments including unemployment compensation, disability, and veterans
- ▶ pension payments
- ▶ support payments for child support and spousal support
- ▶ insurance or severance payments
- ▶ RSDI-Social Security survivor's benefits

Beginning August 1, 2016, unearned income will include:

- ▶ capital gains from any sale of real property
- ▶ proceeds from rent payments in excess of the principal and interest owed on the property
- ▶ income from certain trusts

- ▶ income from loans made by the household
- ▶ cash prizes and winnings
- ▶ retirement benefits
- ▶ tribal per capita payments unless excluded by federal and state law
- ▶ nonrecurring income over \$60 per quarter unless earmarked and used for the purpose for which it is intended
- ▶ income from members of the U.S. armed forces unless excluded from income taxes

**Self-employment income** is earned income equal to the difference between gross receipts and authorized expenses. Farm income and rental income are self-employment income. Authorized expenses exclude the following:

- ▶ the purchase of capital assets or payment of principal for capital loans
- ▶ depreciation and amortization
- ▶ the value of inventory for sale
- ▶ transportation costs above the federal allowance or for the cost of travel from home to work
- ▶ salaries and deductions for family members
- ▶ monthly expenses above the allowance for roomers, boarders, or roomer-boarders or upkeep and repair of rental property
- ▶ expenses not allowed by the federal tax code for self-employment
- ▶ federal, state, and local income taxes
- ▶ employer's own share of FICA
- ▶ money set aside for the self-employed person's own retirement
- ▶ annual expenses greater than 2 percent of the estimated market value on a county tax assessment form as a deduction for upkeep and repair against rental income

Lump sum payments are treated as earned or unearned income depending on the source of the payment. Rental income is treated as self-employment or unearned income depending on the amount of time the owner spends on property maintenance or management.

## Additional Eligibility Requirements

To be eligible for child care assistance, families must:

- ▶ apply for child care assistance in the county where they live;
- ▶ document income eligibility, residence, relationship of child to parent, and the authorized activities that require child care assistance;
- ▶ select a legal child care provider, including legal nonlicensed providers;
- ▶ notify the county, within ten days, of any change in household size, status, income, and residence;
- ▶ cooperate with the establishment of paternity and enforcement of child support obligations for all children in the family and assign the child care portion of support to the state; and
- ▶ pay a family copayment as required by law.

## Family Copayments

*Some families have to pay copayments for child care assistance.*

Families with incomes at or above 75 percent of FPG must pay a family copayment to receive child care assistance through the MFIP, transition year, or basic sliding fee programs. The amount of the copayment is based on family size and annual gross family income. The number of children requiring child care and the parent's choice of child care provider do not influence a family's copayment.

The 2005 Legislature reduced copayments beginning on January 1, 2006, for families with incomes above 75 percent of the poverty guidelines. The table below shows family copayments beginning on October 13, 2014. Under the changes effective July 2008, copayments are calculated based on federal poverty guidelines up to 100 percent of federal poverty guidelines. Thereafter, copayments are based on state median income (SMI).

**Copayment Schedule for Child Care Assistance**  
 Effective October 13, 2014

Family Size	Annual Income		Bi-weekly Copayment	
	75% of FPG	67% SMI	Minimum	Maximum
2	\$11,798	\$40,924	\$2	\$220
3	14,483	50,553	2	272
4	17,888	60,182	2	324
5	20,933	69,811	2	376
6	23,978	79,441	2	428
7	27,023	81,246	2	438
8	30,068	83,051	2	447
9	33,113	84,857	2	457
10	36,158	86,662	2	467
11	39,203	88,467	2	476
12	42,248	90,273	2	486
13	45,293	92,079	2	496

Source: Department of Human Services

### **Basic Sliding Fee Waiting Lists**

When funds are unavailable for child care assistance through the Basic Sliding Fee program, a county must maintain and periodically update a waiting list of eligible applicants. As funds become available, families receive child care assistance according to four statutory priorities ([Minn. Stat. § 119B.03](#), subd. 4):

1. The child care needs of eligible non-MFIP families who do not have a high school diploma or GED or who need remedial and basic skill courses in order to pursue employment and who need child care assistance to participate in the education program
2. Families who have completed their MFIP or DWP transition year
3. Families who have moved to a county with a waiting list from a county where they received Basic Sliding Fee
4. Families in which at least one parent is a veteran

As of July 31, 2015, there was a statewide waiting list for Basic Sliding Fee child care of 5,298 families (the average monthly number of families served in fiscal year 2014 was 8,080). A total of 13 counties reported waiting lists for the month.

## Benefits

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*Maximum benefits under the child care assistance programs cannot exceed 120 hours of subsidized care in a two-week period for each eligible child.*

Benefit amounts under the child care assistance programs depend on the caretaker's activities, the selection of a child care provider, where the child care is provided, and the amount of the family copayment. Maximum benefits under the child care assistance programs cannot exceed 120 hours of subsidized care in a two-week period for each eligible child ([Minn. Stat. § 119B.09](#), subd. 6). A family may also be reimbursed for up to two child care registration fees per year for each eligible child.

DHS establishes maximum child care reimbursement rates for each county based on a survey of child care providers. The cost of child care varies throughout the state. It also varies by the age of the child and the type of child care provider—family- or center-based. Infant child care in a child care center in the Twin Cities area is the most expensive child care in Minnesota. The graphs on page 130 show established maximum weekly rate by provider type and age of the child in the Twin Cities metropolitan area versus the rest of the state. DHS establishes a maximum rate for each type of care in each county or county cluster of the state (these are listed in Appendix VII on page 172).

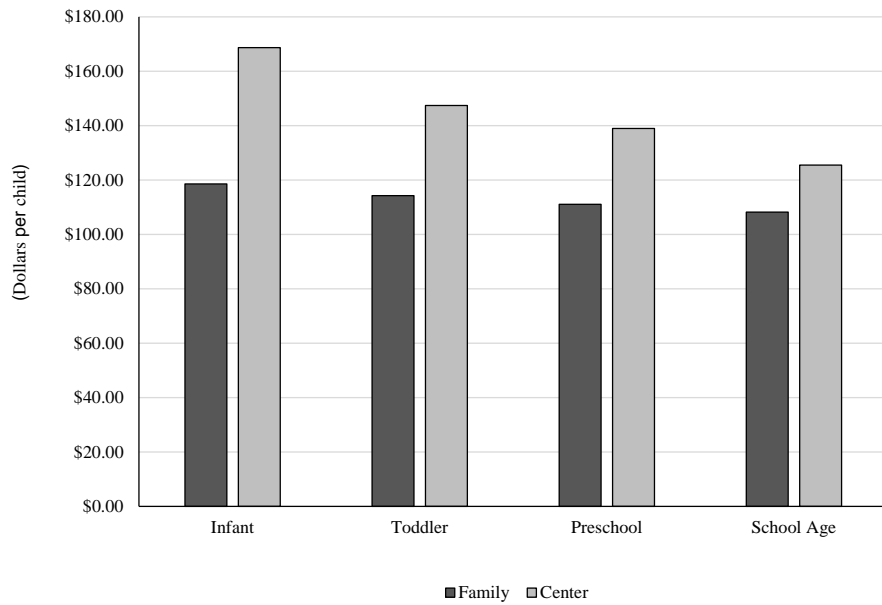
The maximum rates paid to child care providers have changed over time as follows:

- ▶ July 1, 2002, to December 31, 2005: the rate was frozen
- ▶ January 1, 2006, to June 30, 2006: the rate equaled the lesser of (1) 75th percentile rate for like-care arrangements, or (2) the previous year's rate for like-care arrangements, increased by 1.75 percent
- ▶ July 1, 2006, to October 30, 2011: the rates were equal to 106 percent of the January 1, 2006 rates
- ▶ October 31, 2011, to February 2, 2014: the rates were decreased by 2.5 percent from July 1, 2006 rates
- ▶ February 3, 2014, to present: the rates are equal to the greater of (1) 25th percentile of the 2011 child care provider rate

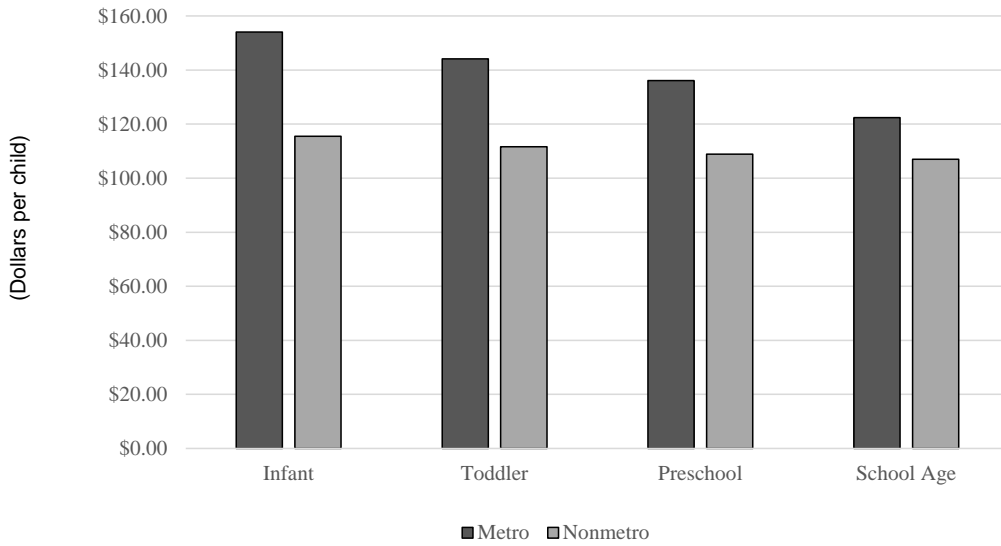
survey, or (2) the maximum rates in effect on November 28, 2011.

The following graphs show average weekly child care rates for the state and by type of setting for reimbursement rates effective February 3, 2014.

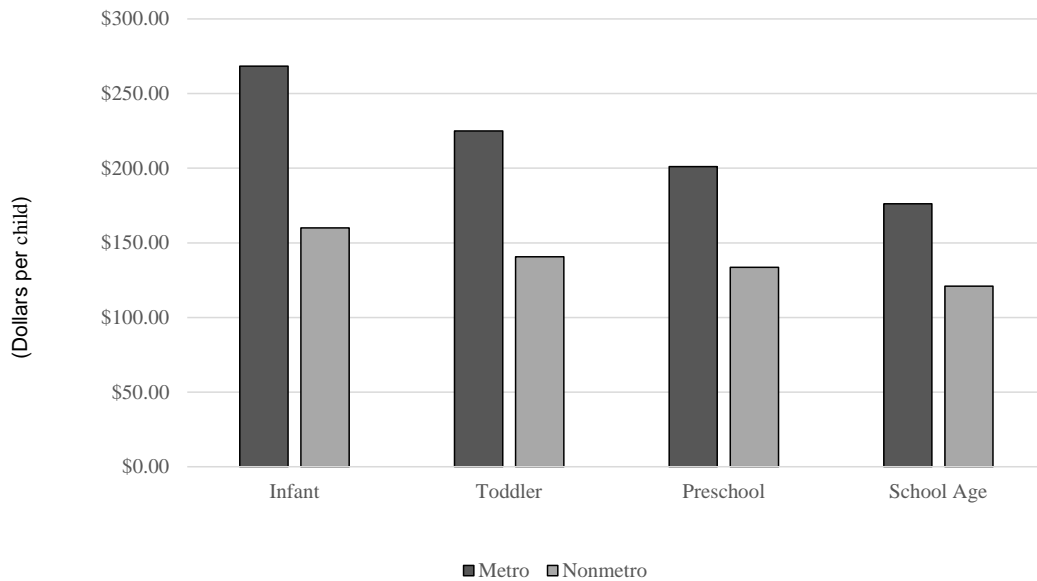
**Statewide Average Maximum Weekly Child Care Rates**  
(Effective February 3, 2014)



### Average Maximum Weekly Child Care Rates (Family-Based Settings)



### Average Maximum Weekly Child Care Rates (Center-Based Settings)





## Provider Payments

*The subsidy payment is the lower of the maximum rate or the provider's*  
*h*

The subsidy payment is the maximum rate or the provider's charge, whichever is lower. Counties may request approval from the commissioner for reimbursement rates that exceed the maximum rate for the care of children with special needs. The amount of a family's actual benefit is the subsidy payment minus the family copayment fee. Families may select care arrangements with a rate higher than the maximum allowable rate, however, the family is responsible for any amount over the approved maximum rate, plus the family copayment fee.

Child care providers who are accredited by certain national organizations or who meet specified educational requirements are eligible to receive a 15 percent rate differential above the maximum reimbursement rates established in the provider's county or multicounty region ([Minn. Stat. § 119B.13](#), subd. 3a). The commissioner must annually publish a list of approved accrediting organizations and must reassess approved accreditations every two years.

Child care providers that hold a three-star Parent Aware quality rating are paid a 15 percent rate differential, and providers that hold a four-star Parent Aware quality rating are paid a 20 percent rate differential above the maximum rate, up to the actual provider rate ([Minn. Stat. § 119B.13](#), subd. 3b). (See Child Care Quality on page 134.)

## Continuation of Benefit

Families may continue to receive MFIP child care assistance as long as they are participating in MFIP and engaged in authorized activities. After leaving MFIP, families may receive 12 consecutive months of transition year child care assistance as long as the family is income-eligible and engaged in an authorized activity. After the 12 months, if the family remains on the waiting list for the Basic Sliding Fee program, the family can receive a transition year extension as long as the family remains eligible for assistance. Families may receive assistance through the Basic Sliding Fee program as long as the family is income-eligible and engaged in an authorized activity. Student assistance under the Basic Sliding Fee program is limited to the amount of time necessary to complete a degree program. Child care assistance for job search activities for families without an employment plan is limited to 240 hours per year.

Limits on the amount of child care assistance by activity are presented in the following table.

### **Child Care Assistance by Work Activity**

	<b>Requirements</b>	<b>Benefits</b>
<b>Hourly Wage Employment</b>	Paid wages equal to the minimum wage or greater	Child care for: <ul style="list-style-type: none"> <li>• hours of employment</li> <li>• breaks during employment</li> <li>• maximum two hours of daily travel</li> <li>• maximum of 120 hours in two weeks</li> </ul>
Nonstudents	Work an average of 20 hours per week	
Full-time students	Work an average of 10 hours per week, if seeking child care assistance for employment	Students may receive basic sliding fee assistance for the time necessary to complete the credit requirements for the degree program
<b>Employment – No Hourly Wage</b>	Self-employed or other employment without hourly wages	Hours of child care equal to the lesser of: <ul style="list-style-type: none"> <li>• gross earned income divided by the minimum wage, plus one hour for breaks and meals per eight-hour day, plus up to two hours for travel per day; or</li> <li>• the actual amount of care for employment, breaks, and meals plus up to two hours daily for travel</li> </ul>
<b>Job Search</b>	Must be included in employment plan or activities supporting job search for families without a plan	Up to 240 hours per calendar year for basic sliding fee and MFIP child care without an employment plan

## **Child Care Assistance for Specific Populations**

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### **At-Home Infant Child Care Program**

State law authorizes DHS to use a portion of the state basic sliding fee appropriation for a subsidy for parents to provide care in their home for their infant child under the age of one year. To be eligible, a family must be participating in the Basic Sliding Fee program or meet the program's income and authorized activity requirements. Participation in the At-Home Infant Child Care Program is limited to a lifetime total of 12 months per family. The subsidy amount is equal to 90 percent of the maximum rate for licensed family child care in the family's county of residence less the applicable parent fee. A family is ineligible for other child care assistance while receiving an at-home infant child care subsidy. As of July 1, 2007, this program has not been funded and all applications are denied.

## **Migrant Care Program**

DHS administers the migrant child care program through a contract with the Tri-Valley Opportunity Council. The program provides full-day child care for the children of migrant workers. Some migrant child care programs coordinate with migrant Head Start programs. In fiscal year 2015, migrant child care was funded with \$268,823 in federal Title XX funds and \$170,000 in state funds.

*Various programs are tailored to people who need in-home care of an infant, who are migrants, or who are postsecondary students.*

## **Higher Education Child Care Grant Program**

The Office of Higher Education administers a grant program to subsidize the cost of child care for eligible students attending Minnesota postsecondary institutions. Postsecondary students apply for a grant through the financial aid office at participating colleges, universities, or technical institutions. To be eligible, the student or the student's spouse must be a Minnesota resident with one or more children ages 12 or under, have demonstrated financial need, meet the family income guidelines, and be enrolled at least half-time in a nonsectarian program leading to an undergraduate degree, diploma, or certificate. Most public and nonprofit postsecondary schools in Minnesota are eligible to participate in the grant program. Students at private, for-profit, postsecondary schools that do not offer a baccalaureate degree are ineligible to participate.

A student's child care grant amount depends on the income of the student and his or her spouse, the size of the student's family, and the number of eligible children. Students with family incomes below a threshold established by the commissioner receive the maximum grant amount per eligible child, which is \$2,800.

Each year, the Commissioner of Higher Education must set the percentage of the federal poverty line at a level such that the full appropriation for the program will be expended in that year. If a student's income exceeds this threshold, the student may receive a child care grant that is less than the maximum amount. Students with incomes above the threshold established by the commissioner receive the maximum amount minus 10 percent of their income above the threshold.

In the 2015-2016 academic year, the commissioner set the maximum income threshold at 185 percent of the 2015 federal poverty line. The table below shows the income threshold below which a family would receive the maximum award, as well as the highest income level a family could have and still receive an award.

<b>Family Size</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Family income threshold to receive maximum award	\$37,000	\$44,000	\$52,000	\$60,000
Maximum family income to receive any award	\$56,000	\$70,000	\$79,000	\$87,000

Child care grants are awarded for the nine-month academic year based on the maximum set in state statute for each child receiving regular care. Actual grant awards are based on the number of children eligible for care, the amount and cost of care, family income, and the availability of funding. Grants for infant care can exceed the statutory maximum by 10 percent. Students attending summer school are eligible for a separate child care grant award.

In fiscal year 2016 and 2017 the state appropriated \$6.684 million per year to the Office of Higher Education for child care grants. The office is authorized to use any remaining appropriations after the first year of the biennium to increase the maximum child care grant in the second year of the biennium. In fiscal year 2015, the Office of Higher Education awarded \$5.768 million in child care grants to 2,186 recipients. The average award was \$2,639. The 2015 Legislature changed the formula the Office of Higher Education uses to allocate dollars. The new formula, which is described above, is intended to allow the commissioner to expend the entire state appropriation for the program ([Laws 2015, ch. 69](#), art. 2, § 8).

## **Child Care Quality**

Minnesota has a voluntary child care and early learning program quality rating system called Parent Aware to ensure that Minnesota's children have access to high-quality early learning and care programs in a range of settings. A four-year statewide roll-out of the program was completed in 2015. Child care providers with a three- or four-star Parent Aware rating receive a 15 percent or 20 percent rate differential, up to the actual provider rate, under the child care assistance programs.

The federal CCDF law requires states to set aside a portion of their CCDF for quality activities (in 2014, 4 percent of CCDF funds were required to be set aside for quality; however, federal law requires states to increase their minimum quality spending from 4 percent to 9 percent of CCDF funds phased in over five years). Under federal law, quality activities include: training and professional development, quality evaluation, accreditation, and program standards. In addition, federal CCDF law requires states to set aside at least 3 percent of

CCDF funds for activities to improve the quality of infant and toddler care.

## **Funding and Expenditures**

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Federal, state, and county governments fund child care assistance programs.

Federal funding for child care is distributed to the states through CCDF, which includes three funding streams:

*Federal funding for child care is distributed to the states through CCDF.*

- ▶ **Mandatory funds** provide funding to the states for subsidized child care. A state's base allocation is equal to the greater of the state's share of federal child care expenditures for fiscal years 1994 or 1995; or the average of the federal child care expenditures for fiscal years 1992 through 1994. A state is not required to match or meet a maintenance of effort level for mandatory funding. Federal fiscal year 1995 is the base year for Minnesota's mandatory funds under the CCDF.
- ▶ **Matching funds** provide federal funding in addition to the mandatory funds. To be eligible for matching funds, a state must first spend the maintenance of effort that is equal to the state's own spending for base year (1995) child care. State expenditures above the maintenance of effort level are matched at the federal medical assistance percentage (FMAP) up to a state's maximum allocation for that year.
- ▶ **Discretionary funds** are authorized by Congress and distributed to states according to a formula. Under the formula, half of a state's allotment is based on its share of children under the age of five, and half on its share of children eligible for free and reduced price meals. Both formula components are adjusted by the ratio of U.S. per capita income to the state's per capita income. The federal government does not require a state match or maintenance of effort expenditure for discretionary funding.

**TANF block grant funds** under the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 may be transferred to the CCDF. Federal law limits transfers up to a 30 percent maximum of the annual TANF grant. The 1999 Minnesota Legislature authorized the transfer of a portion of the available TANF funds to the child care programs for assistance for eligible families.

For state fiscal year 2015, the CCDF contributed 31 percent of Minnesota expenditures for subsidized child care. The contribution of federal funds, including TANF, in Minnesota varies by child care program—for fiscal year 2015, all federal funds made up 36 percent of MFIP child care and 57 percent of the basic sliding fee child care costs.

## **Nonfederal Funding**

State general fund appropriations and county general funds are used for child care assistance programs.

- ▶ **State appropriations** provide a substantial share of the funding for subsidized child care programs. The state's share of funding varies with the child care assistance program. In fiscal year 2015, the state funded 64.2 percent of MFIP child care assistance and 40.2 percent of the basic sliding fee assistance.
- ▶ **County funds** are also used for basic sliding fee child care assistance. The county contribution for fiscal years 2014 and 2015 averaged about 1.3 percent of total child care expenditures. Some counties choose to provide additional funding for child care programs through their general funds. All counties contribute approximately half of the total administrative costs of the child care assistance programs. However, DHS has no statistical data to verify the level of county contributions toward administrative costs.

## Expenditures

*In state fiscal year 2015, the total cost of child care assistance programs was \$235.6 million.*

In state fiscal year 2014, the total cost of child care assistance programs, including county administration, was \$206.2 million. Expenditures in state fiscal year 2015 were \$235.6 million. Expenditures for each level of government on child care assistance programs are as follows:

### Actual Costs of Child Care Assistance Programs SFY 2014

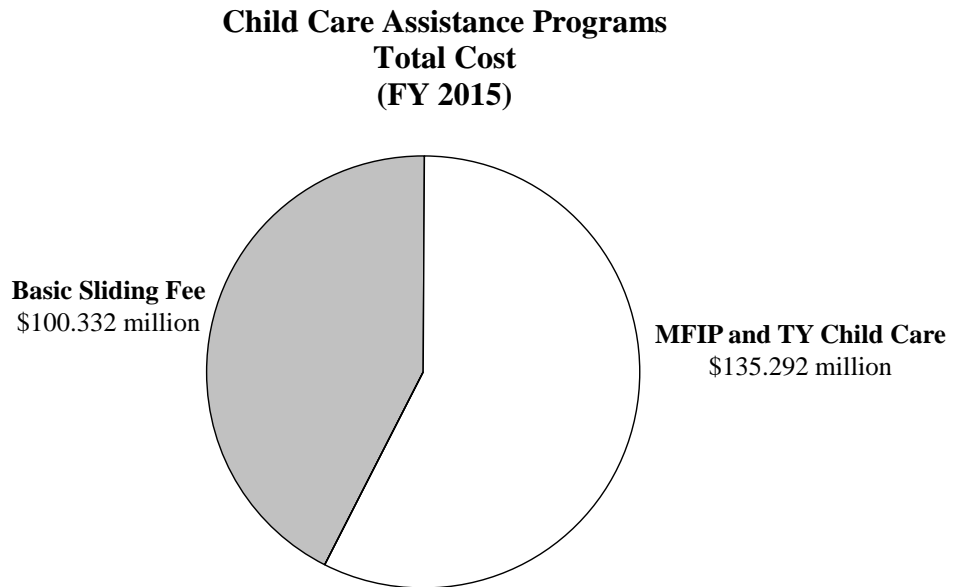
Federal	\$109,213,242
State	\$94,059,897
County	\$2,941,235
<b>Total</b>	<b>\$206,214,374</b>

### Actual Costs of Child Care Assistance Programs SFY 2015

Federal	\$105,495,735
State	\$127,187,723
County	\$2,941,235
<b>Total</b>	<b>\$235,624,693</b>

Source: Department of Human Services

The graph below shows total costs by child care program for fiscal year 2015.



## Recipient Profile

*The majority of families receiving assistance through the child care assistance programs are working families who need child care for employment.*

The majority of families receiving assistance through the child care assistance programs are working families who need child care for employment. In fiscal year 2014, approximately 55.4 percent of the families who received child care assistance through MFIP had an employment plan. Forty-two percent of the families with an employment plan received child care assistance only for activities that are defined as employment. In fiscal year 2014, the monthly average total amount of child care subsidy for a participating family ranged from \$860 for basic sliding fee assistance to \$1,276 for MFIP and transition year assistance.

In fiscal year 2014, the child care assistance programs subsidized the care of approximately 30,339 children in an average month. In 2014, most of the subsidized care was for children under the age of six—61.1 percent of the children were ages five or younger. Thirty-one percent of the children were cared for in a family setting (including the child’s own home)—26.2 percent in a licensed family child care facility. The tables below have profiles of recipients of the child care assistance programs.

### Families Receiving Child Care Assistance (State Fiscal Year 2014)

	Families	Children
<b>Basic Sliding Fee Child Care</b>		
Average Monthly Direct Service Cost per Family	\$860	
Average Number of Participants	8,080	14,786
Employed	85.4%	
Employment and Training	10.6%	
Students	4.0%	
<b>MFIP/DWP/Transition Year/TYE Child Care</b>		
Average Monthly Direct Service Cost per Family	\$1,276	
Average Number of Participants	8,017	15,553
Employment Only	42.2%	
Education and Training Only	5.7%	
Employment, Education, and Training	7.5%	
Social Service Only	1.2%	
Appeals and Orientation	6.2%	

Source: *Minnesota Child Care Assistance Program State Fiscal Year 2014 Family Profile*, February 2015, Department of Human Services.



**Ages of Children in Subsidized Care**  
 (State Fiscal Year 2014)

<b>Age of Child</b>	<b>Number of Children</b>	<b>Percent</b>
Ages 0 - 1	4,581	15.1%
Ages 2 - 3	6,887	22.7%
Ages 4 - 5	7,069	23.3%
Ages 6 - 12	11,711	38.6%
Ages 13+	91	0.3%
<b>Total Number of Children</b>	<b>30,339</b>	<b>100%</b>

**Type of Child Care Providers in Subsidized Care**  
 (State Fiscal Year 2014)

<b>Type of Child Care Providers</b>	<b>Number of Children</b>	<b>Percent</b>
<b>Legal Unlicensed (Registered) Providers</b>		
In Provider's or Child's Home	2,475	5.0%
In Child Care Center (primarily operated by school district)	4,187	8.4%
<b>Licensed Providers</b>		
In Provider's Home	13,034	26.2%
In Child Care Center	30,074	60.4%

Note: The number of children by age is estimated based on the average number of children served per month in fiscal year 2014 as reported by Department of Human Services.

Source: *Minnesota Child Care Assistance Program State Fiscal Year 2014 Family Profile*, February 2015, Department of Human Services.

# Food Support

Food Support<sup>90</sup> is a program that increases the food purchasing power of low-income households. The program is also called “Food Stamps” or the Supplemental Nutrition Assistance Program (SNAP). The majority of the funding is from the federal SNAP program. However, Minnesota also administers a state-funded food assistance program for certain legal noncitizens who are not eligible for the federal SNAP benefits.

## Administration

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### Congress

Congress established the Food Support program in 1964 after a series of pilot projects (including one conducted in St. Louis County) demonstrated the program’s feasibility. The federal Food Support law establishes eligibility criteria, benefit calculations, work requirements, and other provisions for program funding, administration, and fraud detection.

*Food Support is a federal program started in 1964.*

### U.S. Department of Agriculture Food and Nutrition Service (FNS)

The Food and Nutrition Service of the U.S. Department of Agriculture supervises the administration of the Food Support program nationwide. FNS establishes specific program rules and regulations, such as certification standards, the development of application forms, and the elements of the program’s work requirements. FNS also must approve any request from a state agency for a waiver from program requirements.

### Minnesota State Legislature

The legislature has assigned the administration of the Food Support program to the county welfare boards under the supervision of the state Department of Human Services. The legislature has also defined what constitutes food support theft (Minn. Stat. § 393.07, subd. 10, para. (c)).

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<sup>90</sup> In Minnesota, the program is referred to as Food Support. The federal program was still called Food Stamps until October 1, 2008, when its new name became effective: SNAP – Supplemental Nutrition Assistance Program.

## State Department of Human Services (DHS)

DHS supervises the administration of the Food Support program in Minnesota, including required quality control and management evaluations.

### Counties

Counties administer the Food Support program. The county agency determines if a household meets federal eligibility requirements and enables DHS to issue food support benefits directly to eligible recipients.

## Eligibility Requirements

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Food support assists households composed of eligible single individuals and families. Generally speaking, the basic “food support household” consists of individuals living together who purchase and prepare meals in common. (For a more detailed definition of food support household, see Additional Eligibility Requirements, on page 145.) A household qualifies for the Food Support program if it satisfies certain eligibility requirements or if its income and assets are below the program’s established limits.

### Categorical Eligibility

*A household composed entirely of GA or SSI recipients is generally categorically eligible for food support, regardless of the household’s income or assets.*

A household composed entirely of GA or SSI recipients is generally categorically eligible for food support, regardless of the household’s income or assets. A categorically eligible household may, however, receive zero food support benefits if its income available for food purchases under the program’s guidelines exceeds the maximum allowable food support benefit. (See the maximum allotment chart on page 149.)

A household composed entirely of Minnesota Family Investment Program (MFIP) recipients is also generally eligible for federally funded food support assistance. However, because MFIP combines cash assistance and food assistance in one program, MFIP recipients receive their food assistance benefits as a “food portion” of their total monthly MFIP grant, rather than receiving a cash grant and a separate food support monthly allotment (see MFIP, page 32).

## Income Limits

Except for “categorically eligible” households, a household must have income below the maximum income limits established by Congress to qualify for food support. The income limits apply both to earned income and unearned income. Income that is received from certain sources, such as a minor child’s earnings, low-income home energy assistance payments, or irregular income that is less than or equal to \$30 per calendar quarter, is excluded from the income limits.

*Except for “categorically eligible” households, a household must have income below the maximum income limits established by Congress to qualify for food support.*

To be financially eligible for food support, a household that is not categorically eligible and that has no elderly or disabled member must meet both a gross monthly income test and net monthly income test. (“Gross monthly income” means a household’s total nonexcluded income, before any deductions have been made. “Net monthly income” means gross income minus all deductions allowed by the program.) To qualify for food support, such a household must have gross income that is at or below 130 percent of the federal poverty guidelines (FPG) and net income that is at or below 100 percent of those guidelines. A household that includes someone who is elderly or disabled must meet only the net income test.

The gross and net income limits are based on family size. The limits in effect for the 48 contiguous states and the District of Columbia beginning October 1, 2015, are shown in the table below.

The 2010 Legislature made changes to the food support income and asset limits. All food support applicants and recipients are required to receive a Domestic Violence Brochure, and it is a mandatory part of the food support application packet. Distribution of this brochure, which is funded with federal TANF monies, allows the state to increase food support income and asset limits. For new food support applicants and ongoing recertifications processed on or after November 1, 2010, the gross income limit for food support is 165 percent of FPG and there is no asset limit.

The traditional income limit of 130 percent of FPG and asset limit of \$3,250 for elderly/disabled and \$2,250 for other food support units will still apply in the following situations:

- ▶ when a member of a categorically eligible food support unit has an intentional program violation
- ▶ when a member of a food support unit fails to comply with reporting requirements

- ▶ when the primary wage earner fails to comply with work requirements
- ▶ when a food support unit member is convicted of a drug-related felony

**Income Limits  
(Effective October 1, 2015)**

Household Size	Maximum Gross Monthly Income 165% of FPG	Gross Monthly Income 130% of FPG	Maximum Net Monthly Income 100% of FPG
1	\$1,619	\$1,276	\$981
2	2,191	1,726	1,328
3	2,763	2,177	1,675
4	3,335	2,628	2,021
5	3,907	3,078	2,368
6	4,479	3,529	2,715
7	5,051	3,980	3,061
8	5,623	4,430	3,408
Each additional member	572	451	347

A household's net monthly income is calculated by subtracting all of the applicable allowed deductions from the household's gross monthly income. The Food Support program permits the following deductions from gross income:

- ▶ 20 percent of any earned income
- ▶ a standard disregard of \$155 for a household size of one to three people, \$168 for a household size of four, \$197 for a household size of five, and \$226 for a household size of six or more people
- ▶ out-of-pocket dependent care expenses, when the care is related to a household member's employment, training, or education
- ▶ regularly recurring medical expenses over \$35 per month (applicable only in households with an elderly or disabled member)
- ▶ an excess shelter cost deduction for families who must pay more than 50 percent of their monthly income for shelter, including utilities. The maximum monthly shelter deduction is

\$504 for households without an elderly or disabled member; there is no maximum for households with an elderly or disabled member.

- ▶ legally owed child support payments

## **Asset Limits**

To be eligible for food support, households may have no more than \$2,250 in countable assets.<sup>91</sup> Households with at least one member who is age 60 or older may have up to \$3,250 in countable assets.

“Countable assets” include the following:

*To get food support, households must meet asset limits.*

- ▶ cash-on-hand, savings, stocks and bonds
- ▶ property and vehicles used for recreational purposes
- ▶ the loan value of each nonexcluded licensed vehicle, that is greater than \$4,650. Some vehicles may be totally excluded, if they are: used for income-producing purposes; annually producing income consistent with their fair market value; used for long-distance travel (other than daily commuting) for work; used as the home; needed for the transportation of a physically disabled household member; or needed to carry fuel or water to the household. If the vehicle has an equity value of no more than \$1,500, it is not counted as a resource.

“Countable assets” do not include the following:

- ▶ the value of the household’s residence; property that produces income or that is essential to the employment of a household member (such as rental homes or farmland)
- ▶ business assets
- ▶ property that is directly related to the maintenance or use of an excluded vehicle
- ▶ household goods and personal effects
- ▶ the cash value of life insurance policies
- ▶ burial plots
- ▶ disaster relief payments
- ▶ resources that have cash value that is not accessible to the household (for example, irrevocable trust funds)

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<sup>91</sup> In Minnesota, there is no asset limit due to the provision of the Domestic Violence Brochure.

- ▶ resources such as those of students or self-employed persons that have been prorated as income
- ▶ the value of certain Indian lands
- ▶ state and federal earned income tax credits
- ▶ energy assistance payments
- ▶ resources of a household member who receives Supplemental Security Income (SSI) or public assistance benefits
- ▶ certain types of retirement accounts including: 401(a) (employer-sponsored retirement plans for state and local government and some other tax-exempt entities including 401(k)s and Keogh plans); 403(a); 403(b); 408; 408(a) (including IRAs and Roth IRAs); 457(b); 501(c)(18)
- ▶ the value of gift cards
- ▶ certain IRS tax-preferred education accounts

The federal Food Support law prohibits households from transferring ownership of their assets in order to qualify for food support. Households that do so are ineligible for program benefits for a period of up to one year.

For a complete list of asset limits, see Appendix I.

## **Additional Eligibility Requirements**

In addition to financial need, the following conditions must be met in order for a person to be eligible for food support benefits. Food support recipients must also meet the following criteria:

- ▶ be citizens of the United States (some noncitizens may qualify for food support if they meet certain criteria)
- ▶ reside in a “household”
- ▶ register for work and fulfill job search requirements
- ▶ furnish their Social Security number to the state agency
- ▶ comply with periodic reporting requirements

### **Food support recipients must be citizens of the United States.**

Most noncitizens, including those legally present in the country, were initially made ineligible for the Food Support program by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the federal welfare reform act). Congress subsequently restored food support eligibility for many legal noncitizens in the Agriculture

Research, Extension, and Education Reform Act of 1998 and in the 2002 Farm Bill. Legal noncitizens may be eligible to receive food support benefits if they fall into one of the following categories:

- ▶ persons lawfully residing in the United States for five or more years
- ▶ persons lawfully residing in the United States who are receiving payments or assistance for blindness or disability
- ▶ persons lawfully residing in the United States on August 22, 1996, who were 65 or older at that time
- ▶ children lawfully residing in the United States who are currently under age 18 (when a child becomes 18, the child is no longer eligible for food support under this provision)
- ▶ asylees
- ▶ refugees
- ▶ people whose deportation was withheld
- ▶ American Indians born in Canada
- ▶ other noncitizen American Indian applicants who are members of a tribe whose members are eligible for programs provided by the United States
- ▶ Cuban and Haitian entrants
- ▶ Amerasians from Vietnam
- ▶ veterans or persons on active military duty (this category also includes their spouses and dependent children)
- ▶ persons who are lawfully residing in the United States and who were members of a Hmong or Highland Laotian tribe at the time the tribe assisted U.S. personnel by taking part in a Vietnam-era military or rescue operation (this category may also include their spouses or unremarried surviving spouses and dependent children)
- ▶ victims of a severe form of trafficking<sup>92</sup>

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<sup>92</sup> A victim of a severe form of trafficking is a noncitizen who is forced into the international sex trade, prostitution, slavery, and forced labor through coercion, threats of physical violence, psychological abuse, torture, and imprisonment. The federal Trafficking Victims Protection Act of 2000 provides that victims of severe forms of trafficking are eligible for federal public assistance benefits to the same extent as a noncitizen who is admitted into the United States as a refugee. The Trafficking Victims Protection Reauthorization Act of 2003 also expanded eligibility for food support to the minor children and spouses of victims of trafficking and, in some cases, their parents and siblings.



- ▶ lawful permanent residents who have, or can be credited with, 40 qualifying quarters of coverage under Social Security ([8 U.S.C. § 1612](#) (2001))

**Food support recipients must reside in a “household.”** The Food Support program generally defines a “household” as an individual or group of individuals who live together and who customarily purchase food and prepare meals together for home consumption. The program also requires certain groups to be considered to be in the same household even if they purchase food and prepare meals separately. Spouses who live together, children under the age of 22 who live with their parents, and children under the age of 18 who are under the parental control of another household member must be included in the same food support household.

There are, however, certain exceptions to these requirements. Elderly or disabled individuals can be separate households if they purchase and prepare food separately. Also, under certain circumstances, elderly persons who are unable to purchase or prepare food separately are nonetheless deemed to be separate households. Boarders and residents of most institutions are not eligible for food support regardless of how their food is purchased and prepared.

**Food support recipients must register for work and fulfill job search requirements.** Certain persons are exempt from work requirements.

**Food support recipients must furnish their Social Security number to the state agency.** This requirement is intended to help in the prevention of fraud and abuse.

**Food support recipients must comply with periodic reporting requirements.** Most households that receive food support must submit a monthly income report in order to continue to receive benefits. However, some households whose income is unlikely to change only need to report every six months.

**In addition, federal restrictions make the following persons ineligible for food support:**

- ▶ postsecondary students between the ages of 18 and 50 who are physically and mentally fit and who are enrolled at least half-time in an institution of higher education, unless they are receiving assistance through MFIP
- ▶ the head of a household who has voluntarily quit a job (ineligible for 90 days)

- ▶ households containing members who are on strike, unless the household was eligible before the strike
- ▶ undocumented immigrants or temporary residents
- ▶ most persons in institutional settings
- ▶ persons who have committed intentional program violations
- ▶ a person in a household that has been disqualified because one or more members of the household failed to comply with work requirements

### **State-purchased Food Support Benefits for Certain Legal Noncitizens**

The 1998 Legislature acted to provide food assistance from July 1, 1998, to June 30, 1999, to certain legal noncitizen state residents who were not eligible for federal food support. Utilizing an option made available to states in the federal 1997 Emergency Supplemental Appropriations Act, the legislature created the Minnesota Food Assistance Program (MFAP), which provides state-funded food support benefits to legal noncitizens who are ineligible for the federal Food Support program solely because of their citizenship status ([Minn. Stat. § 256D.053](#)). MFAP recipients must meet all applicable Food Support work requirements (discussed below), or they will be subject to sanctions for failure to participate.

The 1999 Legislature made MFAP permanent. It also modified the eligibility for the program, so that effective July 1, 2000, the program would be limited to eligible legal noncitizen residents who are age 50 or older. The 2000 and 2001 Legislatures each delayed the implementation of this provision, so that legal noncitizen residents under age 50 remained eligible for MFAP until July 1, 2003. Beginning July 1, 2003, the program was limited to eligible legal noncitizens who are age 50 or older.

## **Benefits**

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### **Food Support Allotment**

*Food support households receive a certified allotment based on the calculation of their monthly net income.*

Food support is used to purchase food and food products, excluding alcohol, tobacco, and pet food, in approved stores. Individuals over 60 (and their spouses), blind and disabled persons, and homeless individuals can also use food support to purchase meals in authorized restaurants. In addition, food support can be used to purchase hot foods or hot food products through nonprofit meal delivery services, at communal dining facilities, and at institutions serving meals to drug addicts, alcoholics, battered women and children, and homeless persons.

Food support households receive a certified allotment based on the calculation of their monthly net income. Each household's allotment

is based on the “Thrifty Food Plan”—a plan developed by the U.S. Department of Agriculture that estimates the minimum amount of food a household needs to maintain an adequate diet. Food support benefits are issued on a monthly basis.<sup>93</sup>

Maximum monthly food support allotments are set annually by the federal government and vary by household size. Effective April 1, 2009, to October 31, 2013, there was a 13.6 percent increase to the maximum food support benefit level as part of the federal American Recovery and Reinvestment Act. There were no changes to the gross or net income limits for the food support program. This temporary increase in benefits expired on November 1, 2013. The maximum allotments effective October 1, 2015, are shown below.

<b>Household Size</b>	<b>Maximum Allotment</b>
1	\$194
2	357
3	511
4	649
5	771
6	925
7	1,022
8	1,169
Each additional member	146

## Emergency Aid

Households in “immediate need” must be issued food support on an expedited basis. County agencies must issue food support within five working days to the following households:

- ▶ households with less than \$150 gross monthly income and no more than \$100 in liquid assets
- ▶ destitute migrant or seasonal farm worker households with no more than \$100 in liquid assets
- ▶ households whose actual monthly housing and utility costs are greater than the total of their gross monthly income plus their liquid assets

There is no limit to the number of times a household can receive expedited benefits, as long as the household provides the county

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<sup>93</sup> The Food Stamp Act of 1977 eliminated an original requirement that eligible households pay cash for the food stamps.

agency with certain required information before they again receive expedited benefits.

## Farmers' Markets

Federal food support benefits may be used to purchase eligible food and food products at farmers' markets. Since 2010, DHS has administered the Market Bucks program, funded primarily by Blue Cross Blue Shield of Minnesota. The program provides an incentive for federal food support recipients to buy fresh, locally grown produce and has created and sustained a network of farmers' markets that accept federal food support benefits.

In addition, the 2015 Legislature established the Healthy Eating, Here at Home program to provide incentives for low-income Minnesotans to use federal food support benefits for healthy purchases at Minnesota-based farmers' markets ([Minn. Stat. § 138.912](#)).

## Issuance of Food Support

Food support benefits are issued directly to program recipients. Since October 1998 benefits have been issued to all Minnesota recipients in an electronic debit card format known as Electronic Benefits Transfer (EBT). Household members use their EBT card to access their food support benefits electronically at the point of sale (i.e., the grocery store). As part of the 1996 federal welfare reform, all states were required to move to EBT systems by October 1, 2001.

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## Other Food Support Program Features

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*Like the federal welfare reform law, the Food Support program has some work requirements for recipients.*

### Work Requirements

The federal Food Support law requires that people receiving food support benefits must register for work and participate in Food Support Employment and Training (FSET) activities unless they are exempt.

The following food support recipients are exempt from mandatory registration and participation in FSET ([Minn. Stat. § 256D.051](#), subd. 3a):

- ▶ a person who also receives assistance under the General Assistance (GA), MFIP, or Minnesota Supplemental Aid (MSA) programs

- ▶ a child under age 18
- ▶ a person age 55 or older
- ▶ a person who is ill, injured, or incapacitated and certified as unable to work
- ▶ a person whose presence in the home is required to care for a child under age six, or for an injured, ill, or incapacitated household member
- ▶ a person who receives or has applied for unemployment insurance and who is required to register for work with the state Department of Employment and Economic Development
- ▶ a person who is participating regularly in a chemical dependency treatment and rehabilitation program
- ▶ a self-employed person who is either working at least 30 hours per week, or who receives earnings that are at least equal to 30 hours a week at the minimum wage
- ▶ a student who is enrolled at least half-time in a recognized education program

Each nonexempt adult member in a food support household must participate in FSET for each month that the household is eligible for food support. Persons who are exempt may volunteer for FSET and receive FSET services to the extent that funds are available.

FSET participants receive an orientation and an employability assessment. An employability development plan is created for each participant that is based on the participant's assessment. The employability development plan must include referrals to available remedial or skills training programs, if needed, and to available programs that provide subsidized or unsubsidized employment. A participant must spend at least eight hours per week, but cannot be required to spend more than 32 hours per week, in FSET activities.

Food support recipients who are required to participate in FSET but who do not cooperate with FSET requirements without good cause lose eligibility for the Food Support program for themselves and, if they are the principal wage earner, for the entire food support household. The disqualification period is between one and six months, depending upon whether it is the first, second, or third failure to meet FSET requirements. ([Minn. Stat. § 256D.051](#), subd. 1a.)

Under the 1996 federal welfare reform law, an otherwise eligible able-bodied adult who is between the ages of 18 and 50 and is without dependents (ABAWD) is only eligible to receive food support for three months in a 36-month period, unless the person is exempt from

the time limit or is meeting the monthly work requirements. After using up these “three free months” of eligibility, in order to “earn” additional months of eligibility for food support, the ABAWD must work at least 20 hours per week (averaged monthly), or must participate in employment and training activities.

The 1997 federal Balanced Budget Act amended the ABAWD requirement to allow states to exempt 15 percent of the state’s ABAWDs who have used up their three free months of food support eligibility, so that they may continue to be eligible for food support. DHS has implemented this ABAWD exemption provision in two steps. First, effective December 1, 1997, the state exempted ABAWDs who receive assistance under the GA program from the three-out-of-36-month time limit. Second, effective September 1, 1998, the state also exempted ABAWDs who receive assistance under the Refugee Cash Assistance program from this time limit.

## **Funding and Expenditures**

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*In fiscal year 2015, food support expenditures in Minnesota were \$620.6 million.*

The federal government finances food support benefits.

During federal fiscal year 2015 the federal government spent \$620,613,776 on food support benefits to eligible households in Minnesota.

## **Recipient Profile**

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Most food support households also receive some form of public income assistance.

There were an average of 228,036 Minnesota households receiving food support benefits each month during federal fiscal year 2015. Each household received an average monthly allotment of \$226.82 in food support benefits.

# Group Residential Housing

Group Residential Housing (GRH) is a state program that provides payments on behalf of eligible persons to pay for room and board and related housing services.

## Administration

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### Minnesota State Legislature

The legislature established GRH in Laws of Minnesota 1992, chapter 513, as the Group Residential Housing Act ([Minn. Stat. §§ 256I.01 to 256I.08](#)). The GRH act was a revision of an existing law known as the Negotiated Rate Act. The GRH program pays for housing and related services that had been paid for under the Negotiated Rate Act by the Minnesota Supplemental Aid (MSA) and General Assistance (GA) programs.

*The GRH program pays for housing and related services that had been paid for by MSA and GA.*

### State Department of Human Services (DHS)

DHS supervises program administration. The agency assists counties in GRH administration by providing them with technical assistance on eligibility requirements and other program components.

### Counties and Tribes

County and tribal human services agencies are responsible for entering into GRH agreements with providers and for setting rates. County agencies have primary responsibility for individual eligibility determinations, payment calculations, and authorizing payments that DHS pays to these settings.

## Eligibility Requirements

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In order to be eligible for GRH payments, an individual must be determined eligible for residence in a GRH setting and must: (1) be aged, blind, or over 18 years of age and disabled, and meet specified income and asset standards; or (2) belong to certain categories of individuals potentially eligible for GA and meet specified income and asset standards.

An individual who is aged, blind, or over 18 years of age and disabled

according to the criteria used by the Social Security program, is eligible for GRH if he or she:

- ▶ meets the asset standard established under Minnesota's public assistance programs ([Minn. Stat. § 256P.02](#)) beginning June 1, 2016 (currently the asset standard is the asset standard of the SSI program, see page 55); and
- ▶ has an income that is less than the monthly rate specified in the county or tribe's agreement with the GRH provider, after deducting: (1) the income exclusions and disregards of the SSI program; (2) the Medical Assistance (MA) personal needs allowance; and (3) for elderly waiver recipients, any income actually made available to a community spouse as part of the community spouse monthly income allowance.

A person who belongs to a category of individuals potentially eligible for GA is eligible for GRH if he or she: (1) has countable income under the GA program, minus the MA personal needs allowance, that is less than the monthly rate specified in the county or tribe's agreement with the GRH provider; and (2) meets the GA asset standard (Beginning June 1, 2016, the asset standard will be the standard established for public assistance programs under [Minnesota Statutes, section 256P.02](#)).<sup>94</sup>

## Eligible Residential Settings

*In order to receive GRH payments, a residential setting must have an agreement with the county and be licensed.*

Counties authorize GRH payments to be paid by DHS directly to eligible GRH settings. In order to receive GRH payments, a residential setting must have an agreement<sup>95</sup> with the county or tribal human service agency to provide GRH services and must be: (1) licensed by the Minnesota Department of Health (MDH) as a hotel and restaurant, board and lodging establishment, boarding care home before March 1, 1985, or supervised living facility, and the service provider for residents of the facility must be licensed by DHS; (2) licensed by DHS as an adult foster home (family or corporate); (3) registered with MDH as a housing with services establishment under [Minnesota Statutes, chapter 144D](#), and provide three meals a day; or (4) a supportive housing establishment that has an approved habitability inspection and an individual lease agreement and serves

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<sup>94</sup> Beginning June 1, 2016, the equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be readily accessed without a financial penalty; and (4) one vehicle per assistance unit member age 16 or older.

<sup>95</sup> Agreements may be terminated with or without cause by the commissioner, the agency, or the provider with two calendar months prior notice. The commissioner may immediately terminate an agreement under certain circumstances ([Minn. Stat. § 256I.04](#), subs. 2b and 2d).



people who have experienced long-term homelessness.

County or tribal agencies are prohibited from entering into agreements for new GRH beds with total rates that exceed the GRH basic room and board rate (see description on page 157),<sup>96</sup> unless:

- ▶ the facility is needed to meet regional treatment center census reduction targets;
- ▶ the beds are part of an 80-bed facility in Hennepin County for chronic inebriates;
- ▶ the beds are part of supportive housing initiatives in Anoka, Dakota, Hennepin, or Ramsey counties for homeless adults with mental illness, a history of substance abuse, or HIV or AIDs;
- ▶ the beds are part of a 32-bed facility in Hennepin County providing services for recovering and chemically dependent men;
- ▶ the beds are all for a GRH provider located in the city of St. Cloud or a county contiguous to the city of St. Cloud that received financing through MHFA and serves chemically dependent clientele, providing 24-hour-a-day supervision;
- ▶ the beds are all for a new 65-bed facility in Crow Wing County that will serve chemically dependent persons; or
- ▶ the beds replace beds with rates in excess of the GRH basic room and board rate that are no longer available due to facility closure, change in licensure or certification, or downsizing.

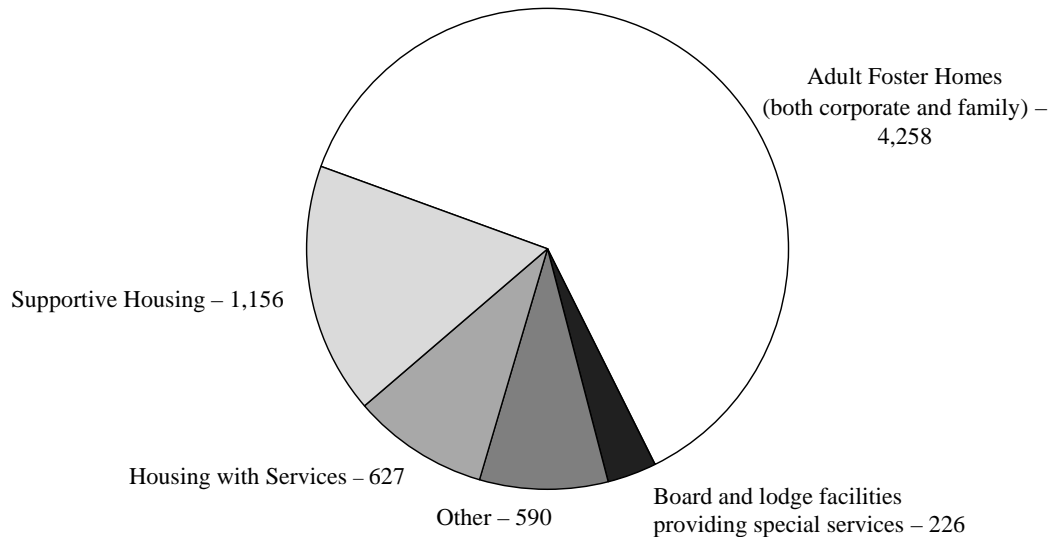
As of fiscal year 2015, there were over 6,857 residential settings receiving GRH payments.<sup>97</sup>

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<sup>96</sup> The 2007 Legislature authorized several new GRH beds specifically in the statute.

<sup>97</sup> Information on the number and type of settings that received GRH payments was provided by DHS using data from the MAXIS vendor system.

### Types of GRH Settings As of Fiscal Year 2015



House Research Graphics

Adult mental health residential treatment centers provide intensive rehabilitative treatment under [Minnesota Statutes, section 256B.0622](#). Noncertified boarding care homes are licensed as boarding care homes by MDH but are not certified to provide services to MA recipients.

### Background Studies

Beginning July 1, 2016, GRH providers must initiate background studies on controlling individuals; managerial officials; and all employees and volunteers of the establishment who have direct contact with recipients, or who have unsupervised access to recipients, their personal property, or their private data. In addition, all GRH staff members who have direct contact with recipients must meet certain minimum qualifications.

## Benefits

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Nearly all GRH providers are authorized to receive the GRH basic room and board rate of \$891 per month.<sup>98</sup> Recipients in certain GRH settings may also qualify for a supplemental payment that is in addition to this base rate. The table on page 158 summarizes the different GRH payment rates.

*Nearly all GRH providers are authorized to receive the GRH basic room and board rate of \$891 per month. Recipients in certain GRH settings may also qualify for a supplemental payment.*

**A. GRH basic room and board rate.** The GRH basic room and board rate, also referred to as the “MSA equivalent rate,” is \$891 per month, for the fiscal year beginning July 1, 2015. This rate is the sum of:

1. The MSA basic need standard for an individual living alone (\$794/month); and
2. The maximum food stamp allotment for one person (\$194/month); minus
3. The MA personal needs allowance (\$97/month).

The basic room and board rate is adjusted each July 1 to reflect changes in any of the component rates listed in clauses (1) to (3) above.

**B. Supplementary service rate.** Counties are also allowed to negotiate a room and board rate that exceeds the GRH basic room and board rate by up to \$482.84 per month for other services necessary to provide room and board, if the provider is not also receiving MA funding for waived services or personal care services. This rate is available mainly to board and lodging with special services and noncertified boarding care home settings, and applies to all recipients in the setting.

**C. Difficulty of care payment.** Counties are also allowed to negotiate higher rates for recipients residing in adult foster care homes, based upon an assessment of an individual’s supervision and care needs. The additional payment cannot exceed the supplementary service rate of \$482.84 per month and applies to specific individuals in a facility. Rate approval by the commissioner is not required. Difficulty of care payment rates for GRH recipients in the same setting may vary based upon their assessments.

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<sup>98</sup> A few providers have GRH basic room and board rates below the MSA equivalent rate of \$891 per month. The lowest rate is \$565 per month.

**D. Facilities with higher historical rates.** Some GRH settings were receiving payment rates under the negotiated rate system that were higher than the GRH base rate. Facilities receiving these higher rates prior to 1991 had these rates “grandparented” into the GRH payment system.

**E. Statutory exceptions.** Some GRH settings qualify for payment rates higher than the GRH base rate as a result of specific statutory provisions.

**Rate increases.** Counties are prohibited from increasing GRH rates for existing facilities above those in effect on June 30, 1993, except to:

- ▶ increase the GRH basic room and board rate to reflect federal cost-of-living increases, as described on page 157;
- ▶ increase rates for residents in family adult foster care whose difficulty of care has increased (subject to the overall maximum rate of \$1,373.84 per month); or
- ▶ comply with other exceptions in law.

**GRH Payment Rates**

Type of Payment	Monthly Payment	Eligible Setting	Other Requirements
A. GRH Basic Room and Board Rate	\$891	All GRH settings	
B. Supplementary Service Rate	Up to \$482.84	Board and Lodging with Special Services; Noncertified Boarding Care Homes	Recipient must not also be eligible to receive or receiving MA waiver services, or MA personal care services
C. Difficulty of care	Up to \$482.84	Adult Foster Care	Recipient must qualify based upon an assessment of supervision and care needs, and must not be eligible for MA waiver services
D. Facilities with Higher Historical Rates	May exceed maximum	GRH settings that are not corporate adult foster care	Facility must have been receiving a payment rate higher than the GRH base rate prior to 1991 under the negotiated rate system
E. Statutory Exceptions	As specified in statute	GRH settings that are not corporate adult foster care	Higher facility rate must be authorized in statute

## **Payment of Benefits**

Counties authorize individual GRH payments to be paid by DHS directly to the operator of the residential setting, using state general fund dollars. Counties and tribes can supplement GRH payments using their own financial resources.

The financial responsibility of the state for GRH payments is usually offset by a contribution from the recipient's income (e.g., SSI or Social Security Disability income). Recipients are required to contribute all income except that excluded by state or federal law. This amount can vary depending upon the recipient:

- ▶ An SSI recipient who is not working is allowed to keep the personal needs allowance of \$97.
- ▶ An SSI recipient who is working is allowed to keep the personal needs allowance of \$97, plus the first \$65 from employment and one-half of any additional earned income.
- ▶ Other adults, such as GA recipients, who are not working are allowed to keep the \$97 personal needs allowance.
- ▶ A recipient who does not receive SSI and who is working is allowed to keep the first \$65 of earned income and one-half of any additional earned income.

## **Funding and Expenditures**

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*The GRH program is funded with state general fund dollars and receives no federal funding.*

The GRH program is funded with state general fund dollars, using in part that portion of general fund dollars that had been used by the GA and MSA program to make payments to negotiated rate facilities to provide housing and related services under the Negotiated Rates Act. The GRH program receives some federal reimbursement for food and nutrition costs.

In state fiscal year 2015, an average of 19,461 persons received GRH payments each month. The total GRH expenditure for that year was \$141,396,622, and the average monthly GRH payment per person was \$605.

## **Recipient Profile**

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In state fiscal year 2015, 61.1 percent of GRH recipients were aged, blind, or disabled, and 38.9 percent were verified as unable to work to the level of self-support due to a disabling condition.

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## Appendix I

### Asset Limits for Assistance

Program	Cash and Liquid Assets	Car - A recipient may own a car valued at no greater than	
SSI & MSA <sup>99</sup>	\$2,000 for single person; \$3,000 for married couple, after all allowable exclusions	One vehicle per household is excluded	For SSI and MSA, MA, and MFIP, the entire value may be excluded under certain circumstances (e.g., the car is needed for transportation of a physically disabled household member)
MA – Aged, Blind, or Disabled	\$3,000 for one person; \$6,000 for two people; \$200 for each additional person		
MA - Families MinnesotaCare	No asset limit unless on spenddown <sup>100</sup>		
MinnesotaCare	No asset limits		
Subsidized coverage through MNsure	No asset limits		
SNAP	No asset limits		
GA	\$1,000 per assistance unit, excluding certain items	Vehicles essential to the operation of a self-employment business are excluded.	
MFIP	\$2,000 per applicant assistance unit; \$5,000 per ongoing recipient assistance unit	\$10,000 (trade-in value); excess equity value is applied to the asset limit	
MFIP Child Care	Uses MFIP asset limits		
Transition Year Child Care	No asset limits		
Basic Sliding Fee Child Care	No asset limits		
GRH	Uses GA or SSI asset limits, depending on the characteristics of the individual		

<sup>99</sup> Beginning June 1, 2016, the asset limit for the MFIP, GA, MSA, and GRH programs will be uniform for applicants and recipients not receiving SSI benefits. The equity value of an assistance unit's personal property must not exceed \$10,000. Personal property is limited to: (1) cash; (2) bank accounts; (3) liquid stocks and bonds that can be easily accessed without a financial penalty; and (4) one vehicle per assistance unit member age 16 or older.

<sup>100</sup> An asset limit of \$10,000 for a household of one and \$20,000 for a household of two or more applies to parents and caretakers who qualify for MA through a spenddown.



**Programs (for programs in FY 2015)**

<b>Life Insurance</b>	<b>Prepaid Burial Contracts</b>	<b>Household Goods and Personal Effects</b>	<b>Burial Plot</b>	<b>Homestead</b>
Up to \$1,500 in the cash surrender value of life insurance policies, burial funds, or a combination of both		Such items as furniture, clothing, jewelry, appliances, tools, and equipment used in the home are exempt	Exempt	Exempt, regardless of value
The cash surrender value of a life insurance policy is included in the cash and liquid asset limit	\$1,000 for each member of assistance unit	Such items as furniture, clothing, jewelry, appliances, tools, and equipment used in the home are exempt	One burial space for each person whose assets are considered is exempt	Exempt, regardless of value
Exempt	Not exempt		One burial space for each assistance unit member is exempt	

**Appendix II**

**Income Limits for Assistance Programs**  
(For programs in FY 2015)

Program	Income Basis*	Eligible Group	Annual Income by Family Size			
			1	2	3	4
<b>MFIP</b>	As specified in statute	Eligible family w/no unrelated household members	\$5,570	\$9,953	\$13,081	\$15,932
<b>GA</b>	As specified in law (\$203/month)	Single adult	2,436	N/A	N/A	N/A
	As specified in rule (\$260/month)	Married couple w/no children	N/A	3,120	N/A	N/A
<b>MSA (CY 2015)</b>	As specified in statute and rule	Single adult living alone	9,528	N/A	N/A	N/A
	As specified in statute and rule	Married couple living alone	N/A	14,292	N/A	N/A
	As specified in statute and rule	Individual eligible for personal needs allowance only	1,164	N/A	N/A	N/A
<b>SSI (CY 2015)</b>	Does not exceed maximum monthly SSI benefit	Individual living alone	8,796	N/A	N/A	N/A
	Does not exceed maximum monthly SSI benefit	Married couple living alone	N/A	13,200	N/A	N/A
	Does not exceed maximum monthly SSI benefit	Individual living with others	5,892	N/A	N/A	N/A
	Does not exceed maximum monthly SSI benefit	Married couple living with others	N/A	8,844	N/A	N/A
<b>MA</b>	100 % of FPG	Elderly, blind, or persons with disabilities	11,772	15,936	20,100	24,264
	133% of FPG	Adults without children, parents and caretakers, or children 19 through 20	15,654	21,186	26,719	32,252
	275% of FPG	Children two through 18 years of age	32,367	43,807	55,247	66,687
	278% of FPG	Pregnant women	N/A	44,285	55,850	67,415
	283% of FPG	Children under age two	33,309	45,081	56,854	68,627
<b>MinnesotaCare</b>	200% of FPG**	Mainly adults without children and parents and caretakers	23,340	31,460	39,580	47,700

Program	Income Basis*	Eligible Group	Annual Income by Family Size			
			1	2	3	4
<b>SNAP</b> (FFY 2016)	Net income at or below 100% FPG	Household with disabled or elderly (age 60+) member	11,772	15,936	20,100	24,252
	Gross income at or below 165% FPG <b>and</b> net income at or below 100% FPG	Household	19,428	26,292	33,156	40,020
			-----	-----	-----	-----
			11,772	15,936	20,100	24,252
<b>MFIP Child Care</b>	See MFIP income basis	Eligible MFIP family	NA	9,953	13,081	15,932
<b>Basic Sliding Fee &amp; Transition Year Child Care</b>	47% SMI at program entry and 67% at program exit	Family with one or more children eligible for care	NA	40,924	50,553	60,182
<b>GRH</b>	An individual's income, after exclusions, must be less than the monthly rate for the GRH setting	Individual	NA	NA	NA	NA

\* Many programs apply income disregards or exclusions.

\*\* For most persons, income must also be greater than 133% of FPG.

**Appendix III**

**Program Expenditures and Caseload Data**  
(State Fiscal Year 2014)

<b>Program</b>	<b>Program Expenditures*</b>	<b>Funding Sources</b>	<b>Federal Expenditures</b>	<b>State Expenditures</b>	<b>Average Monthly Recipients or Enrollees</b>
<b>GA</b>	\$51,124,719	State – 100%	\$0	\$51,124,719	23,019 (cases)
<b>MFIP plus DWP and Work Benefit Program</b>	297,431,102	Federal – 72% State – 28%	213,503,404	83,927,698	104,116
<b>MSA</b>	36,478,561	State – 100%	0	36,478,561	30,454
<b>SSI</b>	637,649,000	Federal – 100%	637,649,000	0	94,252
<b>MA</b>	9,265,115,272	Federal – 53% State – 45% County – 2%	4,887,865,664	4,210,265,009	838,256
<b>MNCare</b>	520,005,344	Enrollee premiums – 6% Federal – 47% State – 47%	242,472,885	247,010,076	101,646
<b>MNsure Subsidized Coverage</b>		Federal – 100%	Premium tax credits for CY 2014 30,958,985**	0	As of September 13, 2015, approximately 38,900 enrollees received premium tax credits and 10,000 enrollees received cost-sharing reductions***
<b>MFIP/TY/TYE Child Care</b>	122,844,578	Federal – 52% State – 48%	64,025,589	58,818,989	8,017 families
<b>Basic Sliding Fee Child Care</b>	83,369,796	Federal – 54% State – 42% County – 4%	45,187,653	35,240,908	8,080 families
<b>Food Support</b>	693,545,682	Federal – State –	0	0	236,795 (households)
<b>GRH</b>	138,708,619	State – 99% County – 1%	0	137,032,499	19,488 (individuals)

House Research Department

\* For program costs or direct benefits only.

\*\* As reported in a MNsure press release dated February 3, 2015. MNsure, at this time, is not able to provide an estimate of the value of cost-sharing reductions provided to MNsure enrollees.

\*\*\* Calculated using enrollment numbers presented at the September 16, 2015, MNsure board meeting.

**Appendix IV**

**Laws and Regulations Governing Assistance Program for Families**

Program	Federal Law			State Law	
	Congress	U.S. Dept. of Health & Human Services	Other Agencies	MN State Legislature	MN Dept. of Human Services
<b>MFIP</b>	42 USC 601 <i>et seq.</i> Title IV-A Social Security Act	45 CFR Parts 260-265		MN Stat. Ch. 256J and 256P	
<b>GA</b>				MN Stat. §§ 256D.01-.21 and ch. 256P	MN Rules 9500.1200-.1272
<b>MSA</b>	42 USC 1382 Title XVI Social Security Act	20 CFR Part 416, Subpart T		MN Stat. §§ 256D.33-.54 and ch. 256P	
<b>SSI</b>	42 USC 1381 Title XVI Social Security Act	20 CFR Part 416			
<b>MA</b>	42 USC 1396 <i>et seq.</i> Title XIX Social Security Act	42 CFR Parts 430-456		MN Stat. Ch. 256B	MN Rules Chapters 9505, 9549, and 9553
<b>MNCare/ Basic Health Program</b>	42 USC 18051 Affordable Care Act	42 CFR Part 600		MN Stat. Ch. 256L	MN Rules Chapter 9506
<b>MNsure Subsidized Coverage</b>	26 USC 36B 42 USC 18071, 18081-18084	45 CFR Part 156	26 CFR Parts 1, 602 (Internal Revenue Service)		
<b>SNAP</b>	7 USC 2011 <i>et seq.</i> Food Stamp Act		7 CFR Parts 271-285 (U.S. Department of Agriculture)	MN Stat. § 256.01; §§ 256D.051-.052; and 393.07	
<b>Child Care Assistance</b>	42 USC 9858 <i>et seq.</i>	45 CFR Parts 98 - 99		MN Stat. Ch. 119B and 256P	MN Rules Chapter 3400
<b>GRH</b>				MN Stat. Ch. 256I and 256P	

CFR=Code of Federal Regulations  
USC=United States Code

## Appendix V

### Federal TANF Work Requirements

The federal Temporary Assistance for Needy Families (TANF) law (PRWORA, Public Law No. 104-193) sets strict work participation requirements for the families who receive assistance under state welfare programs, such as the Minnesota Family Investment Program (MFIP), that are paid for in part with federal TANF funds.

MFIP participants must work for at least the number of hours per week that are specified in the federal law. The federal minimum weekly work requirements are slightly different than the minimum weekly work requirements that are in the MFIP state law. The federal TANF law also specifies percentages of all families and of two-parent families on a state’s program who must meet the federal weekly work requirements.

The federal work participation requirements are listed in the following tables.

#### Federal Work Participation Requirements for All Families

	All participant families		
Federal Fiscal Year	Required hours of work per week		Percentage of MFIP families who must meet requirement
	If all children are over six	If at least one child is under six	
1998	20	20	30%
1999	25	20	35%
2000	30	20	40%
2001	30	20	45%
2002 +	30	20	50%

The percentage of families who must meet the work requirement is also called the “participation rate.” Under the federal law, a state’s required participation rate is reduced by 1 percent for each 1 percent reduction in the number of cases on the state’s welfare program in the year compared to the average monthly number of AFDC cases in federal fiscal year 2005.<sup>101</sup> This “caseload reduction credit” can result in a state’s target work participation rates being lower than the percentages shown in the tables on this page and the following page.

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<sup>101</sup> The caseload reduction credit used to be calculated based on the number of AFDC cases in federal fiscal year 1995. However, the Deficit Reduction Act of 2005 changed the base year to 2005. Since many AFDC and MFIP cases were closed prior to 2005, this makes the required work participation rates (which remained the same) harder to achieve.

**Federal Work Participation Requirements for Two-parent Families**

Federal Fiscal Year	Required weekly hours of work (both parents combined) if <b>don't</b> utilize federally funded child care assistance	Percentage of MFIP families who must meet requirement	Required weekly hours of work (both parents combined) if <b>do</b> utilize federally funded child care assistance	Percentage of MFIP families who must meet requirement
1998	35	75%	55	75%
1999-present	35	90%	55	90%

If a state does not meet the federal work participation requirements, it is subject to losing a portion of its federal TANF block grant funds. The state MFIP law specifies that in the event the federal HHS imposes a fiscal sanction on Minnesota for failing to meet the federal work requirements, the state must pay 88 percent of the sanction. Counties must pay the remaining 12 percent of the sanction, each county in proportion to its percentage of the average monthly MFIP caseload ([Minn. Stat. § 256J.751](#)).

In federal fiscal year 2015 (October 1, 2014, to September 30, 2015), Minnesota's estimated target work participation rate for all MFIP families, after the allowable caseload reduction credits were applied, was 28.1 percent. Minnesota's estimated caseload reduction rate was 21.9 percent. Minnesota's estimated 2015 work participation rate was 38.4 percent, meaning the state met the required work participation rate.

## Appendix VI

### Tribal TANF Programs

Federal law allows federally recognized tribal groups to administer their own TANF programs. If a tribal group wants to administer its own TANF program, the tribe must submit a plan to DHHS. Funding for tribal TANF programs comes from the state TANF block grant<sup>102</sup> of the state in which the tribe's service area is located.

The Mille Lacs Band of Ojibwe's tribal Temporary Assistance for Needy Families (TANF) program follows some of the same basic framework as the Minnesota Family Investment Program (MFIP), using the same grant amounts, and following some of the other MFIP requirements. The band also imposes a 60-month limit on assistance, but uses non-TANF funds to provide assistance to families beyond the time limit.

Some of the features of the band's program are different from MFIP:

- ▶ The band does not have a post-60-month program.
- ▶ The band's Tribal TANF program has some additional types of sanctions: for failure to achieve negative results on an employer-administered drug test; for failure to keep a minor child in school; and for abuse, neglect, or domestic violence in the family.
- ▶ The state must release child support collections, except for medical and child care support, to a Tribal TANF recipient who has assigned the support rights to the state and who is cooperating with child support requirements.
- ▶ The band's Tribal TANF program disregards 75 percent of child support income per month in calculating the amount of a recipient family's cash grant, if the family is in compliance with employment services requirements.<sup>103</sup>
- ▶ Tribal TANF appeals are heard by the band.
- ▶ The band does not count the \$50 housing subsidy as income.

The band's Tribal TANF program began operating January 1, 1999, in a six-county area covering Aitkin, Crow Wing, Morrison, Benton, Mille Lacs, and Pine counties. On April 1, 2005, the program was expanded to serve Minnesota Chippewa tribal members residing in Anoka, Hennepin, or Ramsey counties on a voluntary basis.

The Red Lake Band of Chippewa Indians began operating a tribal TANF program on January 1, 2015, in a two-county area covering Beltrami and Clearwater counties. Eligible families must have at least one assistance unit member who is a citizen of the Red Lake Band of Chippewa

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<sup>102</sup> Minnesota's annual TANF block grant amount is \$267,985,000. Of this total, \$4,550,816 goes directly to the Mille Lacs Band of Ojibwe and \$1,952,301 goes directly to the Red Lake Nation of Chippewa Indians for the operation of the tribal TANF programs.

<sup>103</sup> MFIP allows a disregard for child support of up to \$100 for an assistance unit with one child and up to \$200 for an assistance unit with two or more children.



Indians or is enrolled or eligible to be enrolled with another federally recognized tribe and reside within the boundaries of the Red Lake Nation. In 2016, SNAP, child care assistance, and health care programs will also be transferred to the Red Lake Band of Chippewa Indians.

Some of the features of the Red Lake Band's program are different from MFIP, including the following:

- ▶ The band imposes a four-sanction limit.
- ▶ The band generally applies the same definition of "family" as MFIP, but includes "two adults residing together regardless of marital status."
- ▶ The band's asset limit for applicants is \$5,000, while the MFIP asset limit for applicants is currently \$2,000 (however, as of June 1, 2016, the MFIP asset limit will increase to \$10,000).
- ▶ School attendance is mandatory for Red Lake Band assistance units headed by a minor.
- ▶ Red Lake Band participants are all required to complete and submit a monthly report, regardless of earned income.
- ▶ The band allows cultural activities to be provided under employment services.

**Appendix VII**

**Standard Maximum Weekly Child Care Rates**  
(Effective February 3, 2014)

County	Infant		Toddler		Preschool		School Age	
	Family	Center	Family	Center	Family	Center	Family	Center
Aitkin	\$129.19	\$141.96	\$116.27	\$125.00	\$105.16	\$131.45	\$105.16	\$115.68
Anoka	150.00	268.00	140.00	225.00	134.82	201.00	120.00	172.57
Becker	112.50	141.96	110.00	125.00	105.16	120.00	103.35	107.50
Beltrami	116.27	206.70	113.69	125.00	113.69	120.00	113.69	115.68
Benton	112.50	159.84	110.00	145.00	102.46	135.00	100.00	125.00
Big Stone	100.00	140.00	99.80	125.00	95.00	120.00	92.01	107.50
Blue Earth	118.31	157.00	118.31	145.00	110.42	135.00	105.16	125.00
Brown	118.31	144.69	110.42	136.71	110.42	136.71	110.42	129.19
Carlton	131.45	157.00	120.93	157.75	120.93	144.59	120.93	125.00
Carver	157.75	268.00	152.48	225.00	136.71	201.00	120.93	172.57
Cass	129.19	140.00	129.19	131.45	129.19	131.45	118.31	131.45
Chippewa	105.16	140.00	105.16	125.00	105.16	120.00	103.35	107.50
Chisago	131.45	185.00	125.00	165.00	120.00	157.00	105.16	131.45
Clay	112.50	140.00	110.00	125.00	102.46	120.00	100.00	107.50
Clearwater	116.79	206.70	105.16	145.00	103.35	147.23	103.35	131.45
Cook	150.00	141.96	140.00	125.00	134.82	131.45	131.45	115.68
Cottonwood	116.27	140.00	105.16	126.19	105.16	120.93	105.16	113.69
Crow Wing	129.19	157.00	118.31	145.00	118.31	135.00	118.31	125.00
Dakota	157.75	268.00	140.00	225.00	134.82	201.00	120.00	184.02
Dodge	118.31	173.63	118.31	145.36	118.31	135.00	118.31	125.00
Douglas	118.31	147.23	110.00	126.19	105.16	120.00	105.16	113.69
Faribault	100.00	140.00	99.80	125.00	95.00	121.44	92.01	118.31
Fillmore	118.31	173.63	110.00	145.36	105.16	124.02	105.16	107.50
Freeborn	118.31	185.00	105.16	165.00	105.16	157.00	105.16	130.00
Goodhue	130.00	163.29	129.19	147.79	129.19	142.62	129.19	139.52
Grant	112.50	141.96	110.00	125.00	103.35	120.00	103.35	107.50
Hennepin	162.99	268.00	156.17	225.00	141.96	201.00	131.45	186.14
Houston	118.31	173.63	118.31	145.36	118.31	124.02	118.31	107.50

County	Infant		Toddler		Preschool		School Age	
	Family	Center	Family	Center	Family	Center	Family	Center
Hubbard	105.16	206.70	103.35	206.70	103.35	147.27	103.35	155.03
Isanti	130.00	185.00	125.00	165.00	120.00	157.00	100.00	130.00
Itasca	131.45	189.29	118.31	134.07	118.31	131.45	118.31	115.68
Jackson	103.35	140.00	103.35	126.19	103.35	120.93	103.35	113.69
Kanabec	105.16	157.00	103.35	145.00	103.35	135.00	103.35	125.00
Kandiyohi	113.04	157.00	105.16	145.00	105.16	135.00	105.16	125.00
Kittson	103.35	140.00	103.35	125.00	103.35	120.00	103.35	107.50
Koochiching	131.45	141.96	118.31	120.00	118.31	131.45	118.31	115.68
Lac Qui Parle	105.16	140.00	105.16	125.00	99.90	120.00	99.90	107.50
Lake	118.31	157.00	118.31	145.00	118.31	135.00	118.31	125.00
Lake of the Woods	103.35	206.70	103.35	134.36	103.35	120.00	103.35	107.50
Le Sueur	131.45	157.75	125.00	145.00	120.00	135.00	118.31	129.19
Lincoln	105.16	185.00	105.16	165.00	105.16	157.00	105.16	130.00
Lyon	118.31	165.63	116.27	149.85	116.27	135.00	116.27	131.45
Mahnomen	112.50	206.70	110.00	145.00	105.16	147.27	103.35	125.00
Marshall	103.35	140.00	99.90	125.00	99.90	120.00	99.90	107.50
Martin	105.16	140.00	105.16	125.00	103.35	121.44	103.35	118.31
McLeod	118.31	206.70	118.31	145.00	113.04	135.00	118.31	125.00
Meeker	107.79	185.00	105.16	165.00	105.16	157.00	103.35	130.00
Mille Lacs	112.50	157.00	110.00	145.00	105.16	135.00	105.16	125.00
Morrison	110.42	140.00	105.16	131.45	105.16	131.45	103.35	131.45
Mower	129.19	167.94	118.31	167.94	118.31	147.27	116.27	125.00
Murray	100.00	140.00	99.80	126.19	95.00	120.93	90.43	113.69
Nicollet	123.56	157.00	118.31	145.00	118.31	135.00	113.69	125.00
Nobles	103.35	140.00	99.90	131.45	97.28	123.56	99.90	118.85
Norman	105.16	140.00	105.16	125.00	105.16	120.00	103.35	107.50
Olmsted	147.23	268.00	134.60	225.00	131.45	201.00	126.19	172.57
Otter Tail	105.16	157.00	105.16	145.00	105.16	135.00	105.16	126.19
Pennington	103.35	140.00	99.90	125.00	97.28	120.00	99.90	116.27
Pine	131.45	141.96	129.19	134.07	129.19	120.93	118.31	107.50
Pipestone	107.79	140.00	103.35	126.19	103.35	120.93	103.35	113.69

County	Infant		Toddler		Preschool		School Age	
	Family	Center	Family	Center	Family	Center	Family	Center
Polk	105.16	140.00	103.35	125.00	103.35	120.00	103.35	107.50
Pope	112.50	141.96	110.00	125.00	105.16	120.00	105.16	107.50
Ramsey	150.00	268.00	140.00	225.00	134.82	201.00	124.61	172.57
Red Lake	100.00	140.00	99.80	125.00	95.00	120.00	92.01	107.50
Redwood	116.27	140.00	115.68	126.19	105.16	120.93	105.16	113.69
Renville	105.16	185.00	105.16	165.00	105.16	157.00	105.16	130.00
Rice	131.45	173.63	125.00	145.00	120.00	147.27	118.31	125.00
Rock	100.00	140.00	99.80	126.19	95.00	120.93	92.01	113.69
Roseau	103.35	140.00	99.80	125.00	95.00	120.00	92.01	107.50
Scott	150.00	268.00	140.00	225.00	134.82	201.00	120.00	172.57
Sherburne	130.00	185.00	125.00	165.00	120.00	157.00	100.00	130.00
Sibley	118.31	157.00	118.31	145.00	118.31	135.00	116.27	125.00
St. Louis	131.45	157.00	125.00	147.27	120.00	142.11	118.31	149.86
Stearns	112.50	185.00	110.00	165.00	102.46	157.00	100.00	130.00
Steele	118.31	190.16	118.31	165.00	105.16	157.00	105.16	131.25
Stevens	105.16	141.96	105.16	125.00	103.35	120.00	103.35	107.50
Swift	105.16	140.00	103.35	125.00	103.35	120.00	103.35	107.50
Todd	116.27	140.00	103.35	131.45	103.35	131.45	103.35	131.45
Traverse	100.00	141.96	99.80	125.00	95.00	120.00	92.01	107.50
Wabasha	131.45	185.00	129.19	165.00	126.19	157.00	129.19	130.00
Wadena	118.31	140.00	115.68	131.45	107.79	131.45	113.69	131.45
Waseca	118.31	140.00	110.00	125.00	105.16	131.45	105.16	129.19
Washington	150.00	270.26	140.00	225.00	134.82	201.00	120.00	172.57
Watonwan	103.35	140.00	103.35	125.00	102.53	121.44	102.53	118.31
Wilkin	102.53	141.96	99.80	125.00	97.28	120.00	97.28	107.50
Winona	124.02	193.78	116.27	170.53	113.69	160.19	103.35	125.00
Wright	131.45	185.00	125.00	165.00	120.00	157.00	105.16	130.00
Yellow Medicine	105.16	140.00	105.16	125.00	105.16	120.00	105.16	110.42

Source: Department of Human Services (DHS-6441B-ENG)

## Appendix VIII

### Federal Earned Income Tax Credit and Minnesota Working Family Credit

The federal earned income tax credit (EITC) provides a wage supplement equal to a percentage of the income earnings of low-income individuals. The credit is fully refundable; if the credit exceeds a filer's tax liability, the rest is paid as a refund. The following table shows the maximum credit, income at which the credit begins to phase out, and maximum income eligible for the credit for tax year 2015.

**Federal Earned Income Tax Credit, 2015**

	<b>Maximum credit</b>	<b>Income at which credit begins to phase out</b>	<b>Income at which credit is fully phased out</b>
No Dependents	\$503	\$8,240	\$14,820
One Dependent	3,359	18,110	39,131
Two Dependents	5,548	18,110	44,454
Three or More Dependents	6,242	18,110	47,747
Note: The income at which the credit begins to phase out and at which the credit is fully phased out is increased by \$5,520 for married couples filing joint returns.			

House Research Department

The Minnesota working family credit (WFC) is also calculated as a percentage of earnings. Before 1998, the WFC was set as a percentage of the federal EITC. Legislation enacted in 1998 restructured the WFC, with the goal of reducing work disincentives caused by interactions with income and payroll taxes and MFIP. Like the EITC, the WFC is refundable. The following table shows the maximum credit, income at which the credit begins to phase out, and maximum income eligible for the credit for tax year 2015.

**Minnesota Working Family Credit, 2015**

	<b>Maximum credit</b>	<b>Income at which credit begins to phase out</b>	<b>Income at which credit is fully phased out</b>
No Dependents	\$132	\$8,260	\$14,821
One Dependent	1,057	21,520	39,071
Two or More Dependents	2,038	25,530	44,368

House Research Department

For a more thorough description of these credits, see also [The Federal Earned Income Tax Credit and the Minnesota Working Family Credit](#), House Research, March 2013.

## **Appendix IX**

### **Federal and Minnesota Dependent Care Tax Credits**

#### **Federal Dependent Care Income Tax Credit**

The federal dependent care tax credit is equal to a percentage of qualifying dependent care expenses. Qualifying expenses are amounts paid for household services and care of a dependent while the taxpayer works or looks for work. The credit is not refundable; that is, it may only be used to offset income tax liability. Filers with no federal income tax liability may not claim the credit. For fiscal year 2015, the maximum qualifying expenses are \$3,000 for one dependent, and \$6,000 for two or more dependents. The credit equals 35 percent of expenses for filers with gross incomes under \$15,000, for a maximum credit of \$1,050 for one child and \$2,100 for two or more children. The credit percentage decreases by one percentage point for each \$2,000 of income over \$15,000, down to a minimum of 20 percent for filers with incomes over \$43,000. These filers are eligible for a maximum credit of \$600 for one child and \$1,200 for two or more children.

#### **Minnesota Dependent Care Income Tax Credit**

The Minnesota dependent care credit is tied to the federal credit, with three significant differences. First, the Minnesota credit is refundable. A filer with no state income tax liability but who otherwise qualifies for the credit receives the credit as a refund from the state. Second, while the federal credit phases down to 20 percent of qualifying expenses, the Minnesota credit is targeted at lower income filers and subject to an income-based phaseout. Third, the maximum Minnesota credit is \$720 for one child and \$1,440 for two or more children, the maximum amounts in effect at the federal level before tax year 2003. Since the state credit is tied to the federal credit, filers with incomes under \$15,000 are eligible for the maximum credit of \$720 for one dependent, and \$1,440 for two or more dependents. For those with incomes over \$15,000 but less than the state phase-out floor (\$25,750 in 2015), the state credit is reduced on the same schedule as the federal credit. For those with incomes over the state phase-out threshold, the credit is reduced by \$18 for each \$350 of income over the threshold for filers claiming the credit for one dependent, and by \$36 for those with qualifying expenses for two dependents. The phase-out threshold is adjusted upwards each year for inflation; as a result the maximum income eligible for the credit increases as well. For tax year 2015, the maximum income eligible for the state credit was \$39,400.

Minnesota also allows all married couples with a dependent under age one to claim a credit equal to the maximum dependent care credit for one child. Couples may claim this credit, which is sometimes called the “young child credit,” or the “at-home credit,” regardless of whether or not they have any child care expenses.

For a more thorough description of the Minnesota dependent care credit, see also [The Minnesota and Federal Dependent Care Tax Credits](#), House Research, February 2014.

## Glossary

### Terms and concepts used in the Minnesota Family Assistance Guide

**ACA:** The federal Patient Protection and Affordable Care Act (Pub. L. No. 111-148), including amendments and related federal legislation, regulations, and guidance.

**AFDC:** Aid to Families with Dependent Children. AFDC is the old federal-state cash assistance program that was originally authorized by Title IV-A of the Social Security Act. AFDC was an entitlement program that provided cash assistance to families with children who were deprived of support as the result of a parent's death, incapacity, continued absence, or unemployment. It was replaced in the 1996 federal welfare reform law by the TANF block grant program.

**Alternative Employment Plan:** An employment plan based on an assessment of need and developed by a victim of domestic violence, or a person at risk of domestic violence, and a person trained in domestic violence. A person who is complying with an alternative employment plan is exempt from the 60-month assistance limit, but is not automatically exempt from MFIP work requirements.

**Assistance Unit:** The group of people who are applying for or receiving benefits and whose needs are included in a cash grant. In MFIP the assistance unit is the group of mandatory or optional people who are applying for or receiving MFIP benefits together.

**At-Home Infant Child Care Program:** A component of the Basic Sliding Fee program. The program allows a parent to receive a small subsidy to stay home with a child under 12 months of age.

**Basic Sliding Fee Program:** A child care assistance program that assists eligible low-income families with their child care costs. The number of eligible families that participate is limited by the amount of state appropriations.

**BHP:** Basic Health Program. A coverage option for states under the Affordable Care Act. The MinnesotaCare program operates as Minnesota's BHP.

**Blindness:** For the purpose of establishing eligibility for SSI and MSA, the federal government defines blindness as vision no better than 20/200 with glasses or tunnel vision—a limited visual field of 20 degrees or less.

**Caregiver:** In MFIP, an adult in the assistance unit who cares for a dependent child. With a few exceptions, a child must reside with a caregiver to qualify for MFIP. The needs of the caregiver are usually included in the assistance unit's grant. The caregiver must comply with program requirements or face a sanction.

**Categorical Assistance:** Public assistance programs for needy persons who fit into particular categories: e.g., the aged, blind, and disabled (SSI, MSA), needy families (MFIP), households composed entirely of MFIP or SSI recipients (Food Support).

**Categorically Needy:** A term used in the MA program. The “categorically needy” are people who are eligible for MA because they belong to a group for which MA coverage is required by either the federal government or by the state under a federal option.

**CFR:** Code of Federal Regulations. The regulations for TANF are found in [Title 45](#); those for Supplemental Security Income (SSI) are found in [Title 20](#); those for Medicaid (MA) are found in [Titles 42 and 45](#); those for Food Stamps are found in [Title 7](#).

**Child Care and Development Fund (CCDF):** Federal funding mechanism for child care assistance programs. Congress created the CCDF in the PRWORA as a unified fund for all federal child care assistance. Final regulations are in [Title 45 CFR, Parts 98 and 99](#).

**Child Care Assistance Programs (CCAP):** Programs that provide subsidies to assist eligible low-income families to pay for child care costs. Child care assistance programs include: MFIP Child Care, Transition Year Child Care, and the Basic Sliding Fee program.

**Child Care Fund:** The funding mechanism for the child care assistance programs, the child care fund also provides grants to develop, expand, and improve the access and availability of statewide child care services.

**Child Care Providers:** Providers of child care that may participate in the child care assistance programs. An eligible provider must be licensed under DHS rules for family child care or child care centers, or be exempt from licensure. Unlicensed providers must be registered with the county to receive payments through the child care assistance programs.

**Child Care Resource and Referral Program (CCR&R):** Agencies that help parents find quality child care, provide consumer education, train child care providers, and assess child care needs in communities.

**CHIP:** Children’s Health Insurance Program. A program that provides states with federal matching funds to provide health care coverage to uninsured children and some parents. CHIP was established as Title XXI of the Social Security Act and authorized by the Federal Balanced Budget Act of 1997.

**CMS:** Center for Medicare and Medicaid Services (formerly known as the Health Care Financing Administration or HCFA). The division of DHHS that administers the MA program.

**DHS:** The state Department of Human Services. DHS is the state agency that supervises the administration of assistance programs in Minnesota.

**DHHS:** The U.S. Department of Health and Human Services. DHHS is the federal agency that administers federal and joint state-federal human services programs.

**Disability:** For the purpose of establishing eligibility for SSI and MSA, “disability” is defined as the inability to engage in any substantial gainful activity as the result of any medically



determinable physical or mental impairment. The condition must be expected to last at least 12 months or result in death, except that for children the test is one of functional impairment.

**Disabled:** In the Food Support program, a “disabled” household member is generally someone who is receiving some type of disability-based assistance.

**DRA:** The Deficit Reduction Act of 2005 reauthorized TANF until 2010, making important technical changes to TANF requirements for the states. (Congress has extended TANF through September 30, 2015.)

**DWP:** Diversionary Work Program. Provides short-term, necessary services and supports to families that will lead to unsubsidized employment, increase economic stability, and reduce the risk of families needing longer term assistance under MFIP. A family is eligible for DWP assistance for a maximum of four months once in a 12-month period.

**Earned Income:** Income that is received as the direct result of legal work activity, effort, or labor. Examples of earned income include wages, salaries, tips, and commissions.

**Earned Income Tax Credit:** The federal tax credit program for low-income individuals.

**EBT:** Electronic Benefits Transfer. A method of providing food and cash assistance benefits, under the Food Support program and MFIP, in electronic debit card form.

**EGA:** Emergency General Assistance. A state program that provides short-term cash assistance (paid for one 30-day period in a consecutive 12-month period) to applicants who have emergency needs.

**Employment Plan:** A plan developed by a job counselor and an MFIP caregiver that identifies the caregiver’s employment goal, activities needed to reach the goal, and a time line for accomplishing each activity. The similar plan in FSET is known as an “employability development plan.”

**Employment and Training Services:** Activities and services, such as assessments, job search, job placements, and training that are designed to assist an individual to obtain and retain employment.

**Employment and Training Services Provider:** A public, private, or nonprofit employment and training agency that a county uses to provide employment and training services to MFIP, MFAP, or Food Support recipients.

**Exempt Income:** Income from certain sources that is not used in determining program eligibility and/or benefit levels.

**Family:** People who live together or are temporarily absent from the household. For child care assistance programs family includes parents, stepparents, guardians and their spouses, other relative caregivers, and children.

**Family Copayment:** The amount a family that receives child care assistance must pay for the child care. The amount—also known as a parent fee—is based on family income adjusted for family size according to a sliding fee scale.

**Family Stabilization Services:** Programs, activities, and services that provide MFIP participants and their family members with certain assistance to achieve economic self-sufficiency and family well-being.

**Family Violence Waiver:** A waiver of the 60-month time limit for victims of family violence who meet certain criteria and are complying with an employment plan.

**Family Wage Level:** The MFIP standard of assistance that is used for calculating the amount of a family's MFIP grant when the family has earned income. The family wage level is equal to 110 percent of the MFIP transitional standard.

**Federal Poverty Guidelines (FPG):** The federal measure, updated annually, below which a household is considered to be living in poverty. The guidelines are published annually in the *Federal Register* by the DHHS to determine eligibility for certain programs. Published guidelines are identical for all states except Alaska and Hawaii.

**Federal Work Requirements:** The work participation standards specified in PRWORA that Minnesota must meet with MFIP families. Beginning October 1, 2001, the work participation rate that must be met by MFIP is 50 percent for all families and 90 percent for two-parent families. Each MFIP caregiver must work a minimum number of hours, averaged over a month, to be counted toward meeting the work participation rate.

**FFP:** Federal Financial Participation. Federal monies, matched by state funds, that are used to pay for health care services provided to MA enrollees. The FFP is calculated as a percentage; it determines the extent of the federal government's share of the costs of the MA program.

**FMAP:** Federal Medical Assistance Percentage. The federal share of Medicaid costs for each state, usually recalculated annually based on a formula that takes into account state per capita income.

**Food Support (formerly Food Stamps):** Federal assistance, issued in EBT form, that recipients can use to purchase food and food products in approved stores. The federal program is now called the Supplemental Nutrition Assistance Program (SNAP), but Minnesota's program is still called Food Support. The Minnesota Food Support program also includes a small amount of state-funded food assistance to certain legal noncitizens who are not eligible for federal assistance.

**FSET:** Food Support Employment and Training. The employment and training program for the Food Support and the MFAP programs. FSET participation is required of some Food Support and MFAP recipients who are not otherwise employed.

**GA:** General Assistance. A state program that provides cash assistance to needy persons who do not qualify for any of the federal programs (MFIP, SSI, or MSA) and who meet one of the GA eligibility criteria.

**General Relief:** (1) County programs that provide for certain needs of persons not eligible for other public assistance. General relief responsibilities include general hospitalization, university hospitals, and burials. (2) A term used interchangeably with “Poor Relief.” (See “Poor Relief”)

**Group Residential Housing (GRH):** A state program that provides subsidized community-based housing for persons on GA or MSA. GRH settings were formerly known as negotiated rate facilities.

**HCAF:** Health Care Access Fund. A fund that is the source of financing for the MinnesotaCare program and related activities. HCAF revenues are primarily taxes paid by health care providers and nonprofit health plan companies, MinnesotaCare enrollee premiums and cost-sharing, and federal Basic Health Program payments.

**Household:** People who live together. In the SNAP program, a “household” is generally defined as those individuals living together who purchase and prepare meals in common.

**Income Assistance Programs:** Programs providing cash assistance to needy people (e.g., MFIP, GA, SSI, and MSA).

**In-Kind Assistance Programs:** Programs providing noncash benefits to eligible recipients (e.g., MA, MinnesotaCare, SNAP, and child care assistance).

**Income Disregard:** Income that is not considered in the calculations when an applicant’s eligibility and/or benefit level for an assistance program is determined.

**Income:** Payment received from any source, whether in money, goods, or services. Income may be earned or unearned, and recurring or nonrecurring.

**Job Counselor:** A staff person employed by an employment and training services provider who delivers services to participating MFIP, SNAP, and MFAP recipients.

**Job Search Support Plan:** A plan developed by an MFIP caregiver and job counselor that specifies the activities required and services to be provided to the caregiver while the caregiver is involved in job search activities.

**Legal Noncitizen:** A person who is not a U.S. citizen, but who has permission from the USCIS to live in the United States.

**LIHEAP:** Low-Income Home Energy Assistance Program. A program that helps low-income individuals pay heating costs.

**MA:** Medical Assistance or Medicaid; Title XIX of the Social Security Act. MA is a federal-state program that provides assistance to eligible persons who cannot afford the cost of necessary medical services.

**MAXIS:** Minnesota AXIS. The statewide centralized computer system run by DHS that counties use for eligibility determinations for the MFIP, GA, FS, and MA programs, and for benefit payments for the MFIP, GA, and FS programs.

**Medicaid:** A jointly funded federal-state health care program established under Title XIX of the Social Security Act to provide for the health care needs of certain low-income individuals. Minnesota's Medicaid program is called MA (see above).

**Medically Needy:** Individuals with incomes too high to qualify for MA as a member of a group for which MA coverage is made available (see "categorically needy"), who have high medical expenses and qualify for MA by subtracting incurred medical expenses from their income (see "spenddown").

**MFAP:** Minnesota Food Assistance Program. A state program that provides state-funded food assistance to legal noncitizens who would be eligible for the federal SNAP program, except that their immigration status bars them from SNAP eligibility. MFAP recipients must follow all the rules of the SNAP program, including FSET requirements.

**MFIP:** Minnesota Family Investment Program. The state program begun in January 1998 that replaces the old AFDC entitlement program. MFIP is Minnesota's TANF program; it is designed to promote family self-sufficiency. It combines cash assistance and Food Support in a single grant, and also provides employment and training services.

**MFIP Child Care Assistance:** A child care assistance program for MFIP families who are participating in an authorized education and employment activity. This is a fully funded child care assistance program.

**MFIP Consolidated Fund:** Consists of funds used for MFIP and other assistance programs. Expenditures are limited to the benefits and services allowed under Title IV-A of the federal Social Security Act. Examples of allowable expenditures include: short-term, nonrecurring shelter and utility needs, transportation needed to obtain or retain employment, services to parenting and pregnant teens, supported work, and wage subsidies. Families with a minor child, pregnant woman, or a noncustodial parent of a minor child receiving assistance, with incomes below 200 percent of the federal poverty guidelines are eligible for services funded under the consolidated fund.

**MinnesotaCare:** A state health care insurance program, administered under federal guidance, that operates as a Basic Health Program under the Affordable Care Act.

**Minor Custodial Parent:** An MFIP caregiver under the age of 18 who is the parent of a dependent child, and who receives MFIP assistance on behalf of herself or himself and her or his child.

**MNsure:** The state's health insurance exchange authorized under the Affordable Care Act and [Minnesota Statutes, chapter 62V](#).

**MSA:** Minnesota Supplemental Aid. A state program that supplements the income of needy aged, blind, and disabled persons who (1) are recipients of SSI or (2) would qualify for SSI except for excess income.

**Nonimmigrant:** A person who is lawfully present in the United States, but who is not lawfully residing in the United States (because the person maintains a residence outside the United States). Nonimmigrants are generally admitted temporarily and for a limited purpose (e.g., tourists, foreign students).

**PMAP:** Prepaid Medical Assistance Program. Provides health care services to MA enrollees who are families and children and adults without children, through contracts with health maintenance organizations (HMOs) and county-based purchasing plans.

**Poor Relief:** Also known as "General Relief," Poor Relief refers to the aid programs formerly administered and funded solely by the counties and townships prior to the institution of the GA program in 1974. State law abolished Poor Relief when it created GA.

**Portability Pool:** Provides Basic Sliding Fee child care assistance to eligible families who move between counties in Minnesota.

**Poverty Guidelines:** See Federal Poverty Guidelines.

**PRWORA:** Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law Number 104-193). The federal welfare reform law that eliminated the AFDC entitlement program for needy families and replaced it with the TANF block grant program of time-limited assistance.

**Qualified Noncitizen:** Any of several categories of noncitizens defined in PRWORA as being eligible for federally funded public assistance if all other program eligibility requirements are also met.

**Real Property:** Any real estate such as a house, buildings, and/or land. Ownership of real property can affect an applicant's eligibility for a public assistance program.

**Sanction:** Reduction of a recipient's assistance benefit by a specified percentage or amount that is imposed because the recipient is not cooperating with a program requirement.

**Shelter Costs:** In MFIP, shelter costs include any of the following: rent, manufactured home lot rentals or monthly principal, interest, and insurance premiums and property taxes due for mortgages or contracts for deed costs.

**SNAP:** Supplemental Nutrition Assistance Program (formerly known as Food Stamps). SNAP is a federal program administered by the USDA providing nutrition assistance to eligible low-income households.

**Social Services:** Counties provide “social services” to individuals who need assistance other than (or sometimes in addition to) income or health care assistance. Social services are designed to help people achieve or maintain self-support and self-sufficiency and prevent the abuse or neglect of children and adults. Social services include, but are not limited to, child and adult protection, foster care, adoption, chemical dependency services, day care, and services for seniors, persons with developmental disabilities, and persons with mental illness. Counties receive block grant funds from the federal government (through the Social Services Block Grant program, Title XX of the Social Security Act) and from the state (through the Vulnerable Children and Adults Act block grant program); counties also use other state or local sources to pay for the social services they provide. (The state Vulnerable Children and Adults Act, VCAA, is found in [Minnesota Statutes, chapter 256M.](#)) Social services activities are not an authorized activity for child care assistance through the child care fund.

**Spendedown:** A term used in the MA program. Under a spenddown, an individual with income in excess of the program maximum qualifies for MA by incurring medical bills in amounts that are equal to or greater than the amount by which his or her income exceeds the program maximum for a specific time period.

**SSA:** The federal Social Security Administration, located within DHHS. SSA administers the SSI program, as well as the various Social Security insurance programs.

**SSI:** Supplemental Security Income. A federal program begun in 1974 that provides cash assistance to needy aged, blind, and disabled persons.

**Standard of Need:** The level of income the government has determined is sufficient for an individual to provide for his or her basic maintenance needs, such as shelter, food, clothing, and utilities.

**Standard of Assistance:** The amount of the standard of need that is paid by an income assistance program.

**TANF:** Temporary Assistance for Needy Families. The federal program created by the 1996 federal Welfare Reform Act which replaced the AFDC entitlement program with block grants to states, to assist states in providing time-limited assistance to needy families. In Minnesota, MFIP is the state’s TANF program.

**Title IV-A** of the Social Security Act: authorizes the federal Temporary Assistance for Needy Families (TANF) block grant program of assistance to states.

**Title IV-D** of the Social Security Act: authorizes measures to (1) enforce child support obligations by absent parents, (2) locate absent parents, (3) establish paternity, and (4) obtain child support.

**Title IV-E** of the Social Security Act: authorizes a state-federal program of foster care payments and adoption assistance payments.

**Title XVI** of the Social Security Act: authorizes the federal Supplemental Security Income (SSI) program for the aged, blind, and disabled.

**Title XVII** of the Social Security Act: authorizes the federal medical insurance program for the aged and disabled that is known as Medicare.

**Title XIX** of the Social Security Act: authorizes the joint federal-state MA program. MA is also known as Medicaid.

**Title XX** of the Social Security Act: authorizes the federal Social Services Block Grant program of assistance to states to help fund social services.

**Title XXI** of the Social Security Act: authorizes SCHIP.

**Transition Year Families:** Families who have received MFIP for at least three of the last six months, but who have lost eligibility for MFIP due to increased hours of employment, increased child support income, or the loss of income disregards due to time limitations.

**Transition Year Child Care:** A program that assists transition year families with child care expenses for up to 12 months after leaving MFIP.

**Transitional Standard:** In MFIP, a combination of a cash assistance portion and food assistance portion for a family of a specific size. It is the basic standard of assistance for a family with no earned income.

**Undocumented Noncitizen:** An immigrant who enters or stays in the United States without the knowledge or authorization of the USCIS. Sometimes referred to as an “illegal immigrant.”

**Unearned Income:** Income a person receives without having performed any work activity, effort, or labor. Unearned income includes pensions, benefits, dividends, interest, insurance compensation, and other types of payments.

**USCIS:** Bureau of U.S. Citizenship and Immigration Services. The federal agency responsible for admitting noncitizens into the United States; formerly known as the Immigration and Naturalization Services (INS).

**USDA:** U.S. Department of Agriculture. The USDA is responsible for administering the SNAP program.

**Vendor Payments:** Payments made directly to a provider of goods and services on behalf of a recipient. Vendor payments can be instituted in MFIP and GA.

**Waiting List:** A list of unserved families who have applied for child care assistance through the Basic Sliding Fee program. A county is required by law to maintain a list of unserved applicants who are eligible for the Basic Sliding Fee program. The county must update the list at least every six months. County funding allocations are partially based on the number of families on the waiting list.

**Work Activity:** Any activity in an MFIP recipient's approved job search support plan or employment plan that is tied to the recipient's employment goal and is considered work for the purposes of meeting the federal work requirements.

**Working Family Credit:** A state program that provides refundable tax credits to low-income families who work.