MN HOUSE RESEARCH

MinnesotaCare

September 2021

Overview

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

Contents

Note: Individuals who have questions about MinnesotaCare eligibility or are interested in applying for MinnesotaCare should contact the Department of Human Services MinnesotaCare office at 800-657-3672 or 651-297-3862 or their local county or tribal human services office.

Administration

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 BHPs, 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 Minnesota eligibility system, defined in Minnesota Statutes, section 62V.055, subdivision 1, and also referred to as

By **Randall Chun,** 651-296-8639

the Minnesota Eligibility Technology System (METS).[1] 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 MinnesotaCare program has operated as a BHP since January 1, 2015. In compliance with federal requirements for a BHP, MinnesotaCare provides health coverage to persons with incomes greater than 133 percent but not exceeding 200 percent of Federal Poverty Guidelines (FPG). States operating a BHP (Minnesota and New York) receive a federal payment under that program intended to reflect the amount the federal government would otherwise spend on subsidies had the BHP enrollees received coverage through the state's insurance exchange. BHP coverage 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.

Eligibility Requirements

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 other health insurance. Enrollees are required to renew their MinnesotaCare eligibility annually each January.[2]

Most MinnesotaCare enrollees are parents and caretakers, children ages 19 to 20, and adults without children. Most children under age 19 and pregnant women are eligible for Medical Assistance (MA) and therefore, under MinnesotaCare eligibility criteria, are not eligible for MinnesotaCare.

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. Certain groups of individuals with incomes that are below the MinnesotaCare income floor may be eligible for the program, if they are legal noncitizens not eligible for MA or are not eligible for MA due to excess income.[3] In addition, lawfully present noncitizens ineligible for MA due to

[1] In addition to being used for MinnesotaCare eligibility determination, METS is used by county human service agencies to determine MA eligibility for families and children, pregnant women, and adults without children.

[2] The 2016 Legislature required eligibility to be renewed every 12 months, based on the enrollee's month of application. The federal Centers for Medicare and Medicaid Services (CMS) did not approve this change, and also did not approve state requests to base eligibility on current rather than projected income, and to adjust MinnesotaCare income limits each July 1, rather than each January 1. The 2021 Legislature made changes in MinnesotaCare eligibility provisions, to conform to these denials by CMS (see Laws 2021, chapter 30, article 1, sections 19 to 21).

[3] These are generally groups of individuals with incomes greater than the MA income limit but less than the MinnesotaCare income floor, due to differences in how the two programs calculate income. The groups include

immigration status, with household incomes not exceeding 200 percent of FPG, are eligible for MinnesotaCare.[4]

Table 1 lists the minimum and maximum program income limits for different family sizes.

Table 1
Annual Household Income Limits for MinnesotaCare
(For CY 2021 Coverage)

Household Size	133% of FPG	200% of FPG
1	$16,970	$25,520
2	22,929	34,480
3	28,887	43,440
4	34,846	52,400
Each additional person add	5,958	8,960
Note: Federal regulations require that states use the FPG figures that applied during open enrollment to determine eligibility for coverage in the coming calendar year. The FPG figures in this table used to determine eligibility for 2021 coverage are therefore based on the 2020 FPG figures.		

Modified adjusted gross income (MAGI)[5] is 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.

Asset Limits

There are no asset limits for MinnesotaCare enrollees.

children under age 19 living with two unmarried parents, persons with lump sum or sponsor income, or persons whose current income (used under MA) differs from projected income (used under MinnesotaCare). If a person's income, calculated using MinnesotaCare methodology, is less than 100 percent of FPG, the person may be eligible for MA. If a person's income calculated using MinnesotaCare methodology is greater than or equal to 100 percent of FPG but does not exceed 133 percent of FPG, the person may be eligible for MinnesotaCare.

[4] These lawfully present noncitizens are generally nonpregnant adults falling under certain immigration classifications who have resided in the United States for less than five years.

[5] MAGI is defined as adjusted gross income increased by: (1) foreign earned income and foreign housing expenses; (2) tax-exempt interest; and (3) an amount equal to the value of Social Security benefits not subject to tax. (I.R.C. § 36B)

Not Eligible for Medical Assistance (MA)

Persons who are eligible for MA are not eligible for MinnesotaCare.[6]

No Access to Subsidized Health Coverage

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.[7] 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 9.83 percent of income for 2021.[8] Effective January 1, 2023, under an exception to the federal definition of affordability, affordability will be calculated based on the amount the employee pays for both employee and dependent coverage.[9] Coverage provides "minimum value" if it pays for at least 60 percent of medical expenses on average.

A family or individual is not eligible for MinnesotaCare if they are *enrolled* in employer-subsidized coverage, even if this coverage does not meet the affordability and minimum value standards.

No Other Health Coverage

To be eligible for MinnesotaCare, a family or individual must not be *enrolled* in minimum essential health coverage, as defined in the Internal Revenue Code. 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,[10] and other coverage recognized by the federal government.

A family or individual is also not eligible for MinnesotaCare if they have *access* to certain types of minimum essential coverage, even if they are not enrolled.

---

[6] The vast majority of pregnant women and children under age 19 are covered under MA rather than MinnesotaCare, given this requirement and because the MA income limit for these eligibility groups (278 percent and 275 percent of FPG respectively) is higher than the MinnesotaCare income limit (200 percent of FPG).

[7] See Code of Federal Regulations, title 26, section 1.36B-2.

[8] This percentage is indexed annually; the percentage for 2020 used by DHS was 9.78.

[9] See Laws 2021 First Special Session chapter 7, article 1, section 27. This provision addresses what some have referred to as the "family glitch," by allowing employees and dependents (spouses and children) who are not eligible for advance premium tax credits under the ACA and also not eligible for MinnesotaCare under prior law (because the cost of employee-only coverage meets the federal definition of affordability), to be eligible for MinnesotaCare.

[10] 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.

Residency Requirement

MinnesotaCare enrollees must meet the residency requirements of the Medicaid program. The Medicaid program generally requires an individual to live in Minnesota and demonstrate intent to reside, or to have entered the state with a job commitment or to seek employment. The Medicaid program 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).

Benefits

MinnesotaCare covers most, but not all, services eligible for reimbursement under MA. Children and pregnant women are covered for a wider range of services than adults who are not pregnant. Covered services are listed in Table 2.

Table 2
Covered Services under MinnesotaCare

Service	Children and pregnant women	Adults who are not pregnant[a]
Acupuncture	X	X
Adult mental health rehab/crisis	X	X
Alcohol/drug treatment	X	X
Child and teen checkups	X	—
Chiropractic	X	X
Dental[b]	X	X
Emergency room	X	X
Eye exams	X	X
Eyeglasses	X	X
Family planning	X	X
Hearing aids	X	X
Home care	X	X
Hospice care	X	X
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

Service	Children and pregnant women	Adults who are not pregnant[a]
Mental health	X	X
Mental health case management	X	X
Nursing facility care	X	—
Outpatient surgical center	X	X
Personal care assistance (PCA)	X	—
Physicians and clinics	X	X
Physicals/preventive care	X	X
Prescriptions	X	X
Rehabilitative therapies	X	X
Transportation: emergency	X	X
Transportation: nonemergency	X	—

[a] Benefit limitations and cost-sharing requirements apply.

[b] 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 Minn. Stat. § 256B.0625, subd. 9).

House Research Department

Cost-sharing for Adults

Adults who are not pregnant are subject to the following cost-sharing requirements.[11]

Table 3
Cost-sharing Requirements under MinnesotaCare

Service	Cost
Inpatient hospital admission	$250
Ambulatory surgery (per surgery)	$100
Emergency room visit (that does not result in an admission)	$75
Nonpreventive office visit (does not apply to mental health services)	$25
Radiology visit	$40
Eyeglasses	$25

[11] The commissioner is required to adjust MinnesotaCare cost-sharing in a manner sufficient to maintain the actuarial value of the MinnesotaCare benefit at 94 percent. 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.

Service	Cost
Prescription drugs (generic/brand name – does not apply to certain mental health drugs)	$7/$25
Prescription drug out-of-pocket monthly maximum	$70
Nonroutine dental services visit	$15
Durable medical equipment (applies to the price the state or participating entity pays for the item)	10%

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

Enrollee Premiums

Sliding Premium Scale

MinnesotaCare enrollees age 21 and older pay monthly, per-person premiums based upon the sliding scale specified in Table 4. The premiums for 2021 and 2022 are lower than the premiums applied in 2020. This premium reduction was necessary for the state to comply with the federal requirement that BHP premiums not exceed what an individual receiving premium tax credits would otherwise have paid, after receipt of any premium tax credits, when purchasing health coverage through a state's insurance exchange (the federal American Rescue Plan of 2021 increased premium tax credits and thereby reduced the amount that individuals receiving premium tax credits would pay for coverage through an exchange).

Table 4
Sliding Premium Scale

Federal Poverty Guidelines	Individual Premium Amount 2020	Individual Premium Amount 2021 and 2022
0 – 34%	0	0
35 – 54%	$4	0
55 – 79%	$6	0
80 – 89%	$8	0
90 – 99%	$10	0
100 –109%	$12	0
110 – 119%	$14	0
120 – 129%	$15	0
130 – 139%	$16	0

Federal Poverty Guidelines	Individual Premium Amount 2020	Individual Premium Amount 2021 and 2022
140 – 149%	$25	0
150 – 159%	$37	0
160 – 169%	$44	$4
170 – 179%	$52	$9
180 – 189%	$61	$15
190 – 199%	$71	$21
200%	$80	$28

See Minn. Stat. § 256L.15, subd. 2.

Premium Exemptions

The following groups of individuals are exempt from MinnesotaCare premiums:

- Persons with household income less than 160 percent of FPG (exemption applies for 2021 and 2022) and persons from households in which a household member has received or been approved to receive unemployment compensation for any week in 2021 (exemption applies for 2021)
- Children under age 21
- American Indians and Alaska Natives, and members of their households
- 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

Nonpayment of Premiums

The commissioner is prohibited from collecting unpaid MinnesotaCare premiums for any coverage month that occurred during the federal COVID-19 public health emergency.[12]

In general, for time periods that do not fall within the federal public health emergency, nonpayment of premiums results in disenrollment from MinnesotaCare coverage, effective the calendar month following the month for which the premium was due. Persons who end their MinnesotaCare coverage therefore receive a "grace" month. Persons who decide to re-enroll in MinnesotaCare following disenrollment generally must pay premiums to cover this grace month, except that no premium for the grace month is required for persons re-enrolling in coverage that begins in the fourth month following disenrollment.

[12] See Laws 2021 First Special Session chapter 7, article 1, section 36, paragraph (a). These premiums will not be owed or collected following the end of the federal emergency.

Prepaid MinnesotaCare

The Commissioner of Human Services contracts on a prepaid basis with participating entities to deliver health care services to MinnesotaCare enrollees. Participating entities may 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.

The 2014 Legislature required DHS to enter into contracts, as part of a statewide competitive procurement, with participating entities to serve MinnesotaCare and MA 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.

In January 2021, DHS issued a request for proposals to select participating entities to serve MinnesotaCare and MA enrollees in the seven-county metropolitan area, beginning in calendar year 2022. DHS plans to issue an RFP in January 2022, to serve MinnesotaCare and MA enrollees in Greater Minnesota beginning in calendar year 2023.

Funding and Expenditures

Since January 1, 2015, the state has received a federal BHP payment for each MinnesotaCare enrollee. The payment was initially equal to 95 percent of the advanced premium tax credits and cost-sharing reductions the person would have received through MNsure, the state's health insurance exchange, had the state not operated MinnesotaCare as a BHP.[13] This BHP payment has replaced the federal match that had been received through December 31, 2014, for MinnesotaCare enrollees under the Prepaid Medical Assistance Project Plus (PMAP+) waiver.[14] Federal BHP funding was $395.6 million for fiscal year 2020 and is projected to be $522.3 million for fiscal year 2021.

[13] Beginning in CY 2018, the federal government excluded the value of forgone cost-sharing reductions when calculating state basic health program payments. Minnesota and New York filed suit over this change. The lawsuit was later withdrawn and Minnesota and New York accepted a revised payment method that increased the amount each state received related to advanced premium tax credits by about two-thirds of the basic health program funds that would have been lost through the exclusion of cost-sharing reduction payments from the payment formula.

[14] The Prepaid Medical Assistance Project Plus or PMAP+ waiver was initially approved by the federal government in April 1995. The waiver exempts Minnesota from various federal requirements and gives the state greater flexibility to expand access to health care through the MA program. Earlier versions of the waiver allowed the state to receive a federal match for the cost of services provided to MinnesotaCare enrollees. The PMAP+ waiver was temporarily extended by the federal Centers for Medicare and Medicaid Services (CMS) through December 31, 2021, to allow the state and CMS to continue to work on a waiver extension.

State-only funding is used to pay for coverage of MinnesotaCare enrollees who are Deferred Action for Childhood Arrivals (DACA) grantees, or are age 65 and over and not eligible for Medicare.[15]

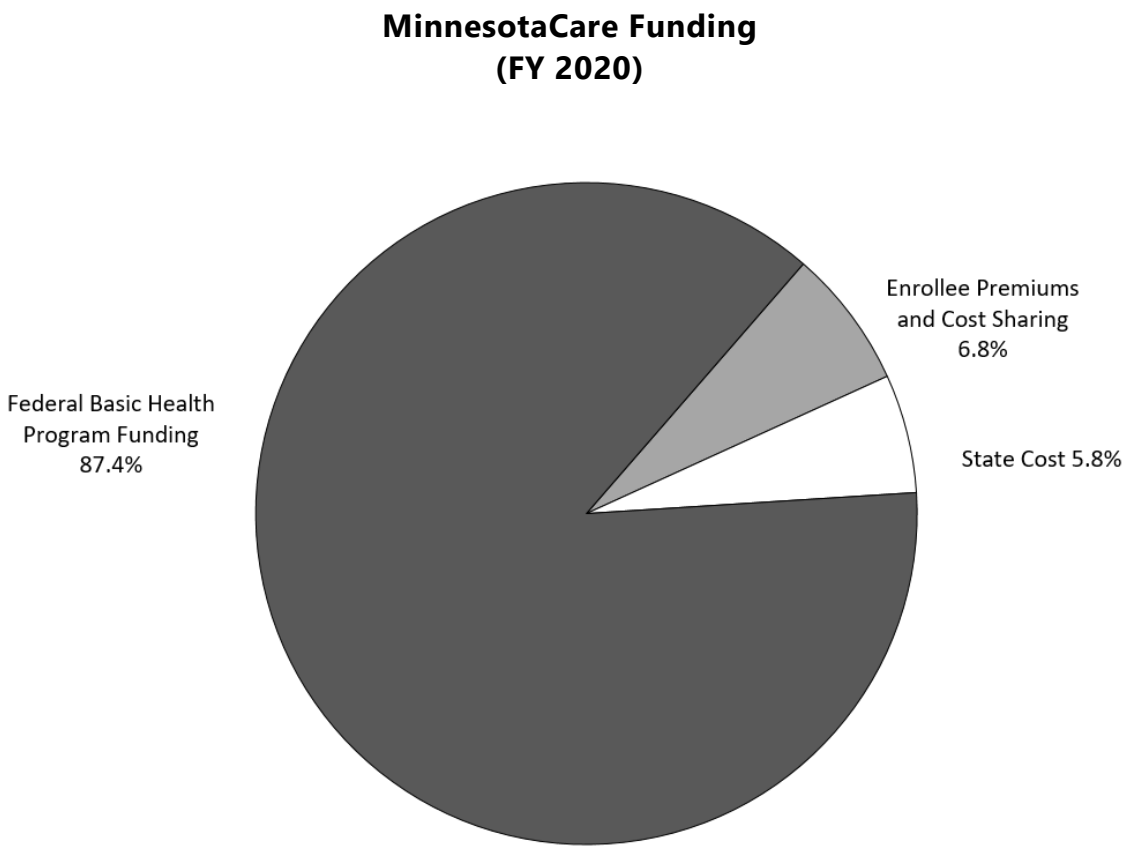
Total payments for health care services provided through MinnesotaCare were $452.6 million in fiscal year 2020. Just under 6 percent of this amount was paid for through state payments from the health care access fund. The remainder was paid from federal BHP funding, enrollee premiums (this category also includes enrollee cost-sharing), and a small amount of federal funding received under the PMAP+ waiver.

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

- A 1.8 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
- A 1.0 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.

[15] DACA grantees are noncitizens who came to the United States as children and meet specified criteria such as having arrived in the United States before turning 16 and being under age 31 as of June 15, 2012. MinnesotaCare has covered DACA grantees since January 1, 2017 (see DHS bulletin 16-21-12 – DHS Announces MinnesotaCare Eligibility for Deferred Action for Childhood Arrivals (DACA) Grantees). Persons age 65 and older are not eligible for federal BHP funding.



This graph does not include $15,563 of federal funding received under the PMAP+ waiver.
Source: DHS Reports and Forecasts Division, Background Data Tables for February 2021 Forecast

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.

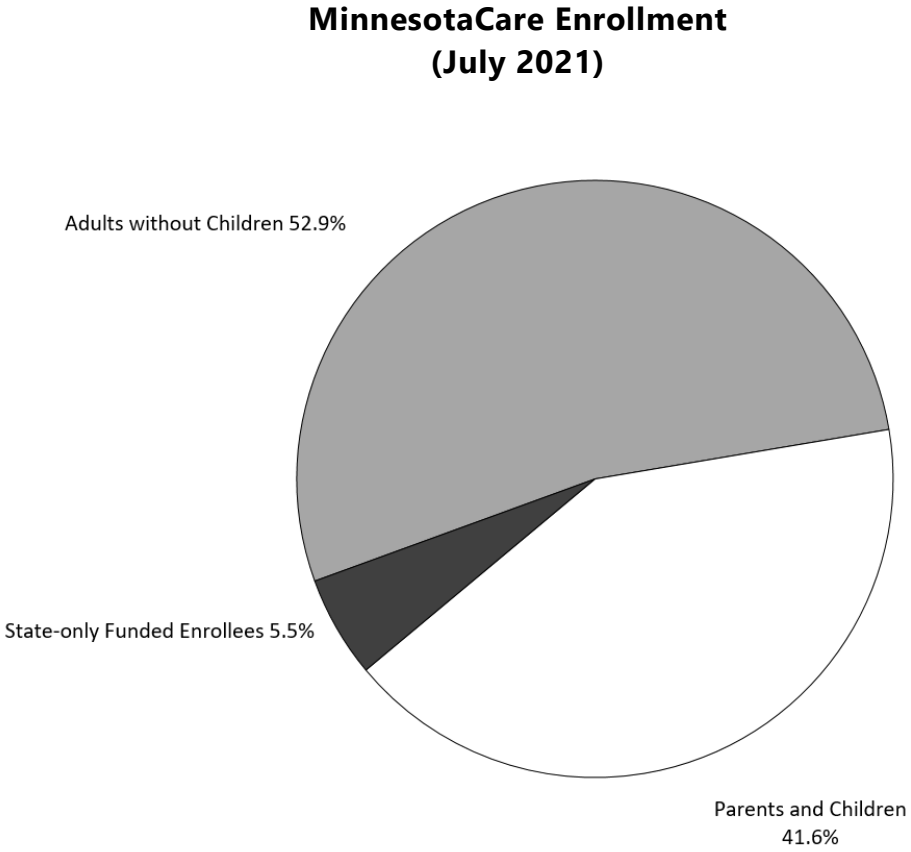
The MinnesotaCare tax on the gross revenues of health care providers was reduced from 2.0 percent to 1.8 percent, effective for gross revenues received after December 31, 2019.[16]

Recipient Profile

As of July 2021, 103,687 individuals were enrolled in the MinnesotaCare program. A majority of enrollees (about 53 percent) were adults without children and about 42 percent of enrollees

[16] See Laws of Minnesota, 2019 First Special Session chapter 6, article 9, sections 2 to 6.

were mainly parents and children ages 19 and 20 (most children 18 and under are eligible for MA). The remaining enrollees were enrollees covered under state-only funded MinnesotaCare.



Source: DHS Reports and Forecasts Division, Monthly MinnesotaCare Program Enrollment Counts Statewide and by County

Application Procedure

There are several ways to obtain MinnesotaCare application forms and to apply for MinnesotaCare coverage. These include the following:

- Applying for MinnesotaCare through MNsure, the state's health insurance exchange (1-855-366-7873 or online at www.mnsure.org)
- Calling DHS directly at 1-800-657-3672 or 651-297-3862 (in the metro area)
- Obtaining application forms through county social service agencies, health care provider offices, and other sites in the community, or from the DHS website