

HOUSE RESEARCH

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Information Brief

The MinnesotaCare Program

The MinnesotaCare program, administered by the Department of Human Services, provides subsidized health coverage for Minnesotans. This information brief describes eligibility requirements, covered services, and other aspects of the MinnesotaCare program, and reflects changes in the program made during the 1994 session (Laws of Minnesota 1994, Chapter 625).

The program was established by the original MinnesotaCare Act (Laws of Minnesota 1992, Chapter 549). This act also included health care access initiatives related to cost containment, quality of care, the private insurance market, rural health, and health professional education. The Department of Health administers many of these initiatives, and provides general oversight of the state's efforts to improve health care access.

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Applying for MinnesotaCare. Applications for the program, and additional information, can be obtained from the Department of Human Services by calling 1-800-657-3672 or 297-3862 (in the metro area).

Administration

MinnesotaCare is administered by the Department of Human Services (DHS) central office. DHS is responsible for processing applications and determining eligibility, reimbursing providers, monitoring spending for the program, and developing administrative rules. County social service agencies are responsible for determining Medical Assistance (MA) eligibility for MinnesotaCare applicants who are potentially eligible for MA.

Eligibility

In order to be eligible for MinnesotaCare, individuals must belong to an eligible group, meet income criteria, and satisfy other requirements related to lack of access to health insurance and permanent residency. Minor children, parents, and dependent siblings¹ residing in the same household are currently eligible for MinnesotaCare, if their family income does not exceed the maximum income limit for the program (set at approximately 275 percent of the 1993 federal poverty guidelines)² and other eligibility requirements are met. Special eligibility requirements and premiums apply to children ages one through 17 from families with incomes that do not exceed 150 percent of the federal poverty guidelines.

Eligibility for MinnesotaCare will be expanded in two stages to include single adults and families without children.³ Beginning October 1, 1994, single adults and families without children with incomes that do not exceed 125 percent of the federal poverty guidelines will be eligible for enrollment. Beginning October 1, 1995, subject to the availability of funding, eligibility will be further expanded to include single adults and families without children with incomes that do not exceed the maximum income limit for the program.

Table 1 lists eligible groups and eligibility criteria. Table 2 lists program income limits for different family sizes.

Persons with incomes higher than the income limits cannot enroll in the plan. However, enrollees whose incomes rise above the income limits after initial enrollment may continue enrollment, but must pay the full, unsubsidized cost of the premium. The full (unsubsidized) monthly cost of premiums is \$138 for a single individual, \$275 for a family of two, and \$413 for families of three or more.

¹Dependent siblings are defined in the law as unmarried children under age 25 who are full-time students and financially dependent upon their parents.

²The MinnesotaCare maximum income limit is based on specific dollar amounts listed in statute (section 256.9358, subd. 3). The dollar amounts are approximately equal to the 1993 federal poverty guidelines.

³The initial MinnesotaCare legislation (Laws of Minnesota 1992, chapter 549) would have allowed single adults and families without children meeting the maximum program income limit to enroll beginning July 1, 1994. Due to budget constraints, the governor and the 1994 Legislature agreed to the two-stage phase-in described above.

Table 1 Eligibility for MinnesotaCare*			
Groups Eligible	Income Limit	Other Eligibility Criteria	Cost to Enrollee
Children age one through 17	150% of the federal poverty guidelines	Not eligible for Medical Assistance (MA); not otherwise insured for the covered services; permanent Minnesota resident	Annual reduced premium of \$48 per person
Children under age 18 not eligible for \$48 premium; parents and dependent siblings	Approximately 275% of the 1993 federal poverty guidelines	Not eligible for MA; no access to employer-subsidized coverage for 18 months; 4 months uninsured; permanent Minnesota resident	Premium based on sliding scale
Beginning October 1, 1994: Single adults, families without children	125% of the federal poverty guidelines	Not eligible for MA; no access to employer-subsidized coverage for 18 months; 4 months uninsured; permanent Minnesota resident	Premium based on sliding scale
Beginning October 1, 1995: Single adults, families without children	Approximately 275% of the 1993 federal poverty guidelines	Not eligible for MA; no access to employer-subsidized coverage for 18 months; 4 months uninsured; permanent Minnesota resident	Premium based on sliding scale
*Limited exceptions to these requirements are noted in the text.			

Table 2 Annual Income Limits for MinnesotaCare			
Household Size	125% of 1994 Federal Poverty Guidelines	150% of 1994 Federal Poverty Guidelines	275% of 1993 Federal Poverty Guidelines (Approximate)
1	\$ 9,204	\$11,034	\$19,200
2	12,300	14,760	25,920
3	--	18,486	32,640
4	--	22,194	39,360
5	--	25,920	46,080
6 or more*	--	29,646	52,800
*The poverty guideline at the 150 percent level for a seven person household is \$33,354; \$3,726 is added for each additional person. For purposes of MinnesotaCare eligibility at the 275 percent level, the maximum family income is \$52,800, regardless of family size.			

Individuals Potentially Eligible for MA

Individuals who apply for MinnesotaCare, but are potentially eligible for MA, can enroll in MinnesotaCare for 60 days if they meet all other eligibility requirements. DHS is responsible for identifying these individuals and referring them to their county social service agencies. These individuals must cooperate with their county social service agency in determining MA eligibility within this 60-day enrollment period, or face disenrollment from MinnesotaCare.

No Access to Subsidized Coverage

Enrollees must **not** have been offered employer-subsidized health care coverage for the 18 months prior to application. Employer-subsidized coverage is defined as health insurance coverage for which an employer pays 50 percent or more of the premium costs. This requirement applies to each individual. For example, if an employer offers subsidized coverage to an employee but not to the employee's dependents, the employee is not eligible for MinnesotaCare but the employee's dependents are eligible.

This requirement does not apply to:

- (1) children eligible for the \$48 annual premium;
- (2) persons losing coverage as a result of an involuntary layoff not due to employee misconduct, or for other limited situations; and
- (3) children whose parents lose employer-subsidized coverage due to misconduct or voluntary separation from employment (these children are still subject to the requirement that they have no health insurance for the four months prior to application).

Four Months Uninsured

Enrollees must **not** have had health insurance coverage for the four months prior to application. This requirement does not apply to children eligible for the \$48 annual premium nor to persons applying for MinnesotaCare coverage upon termination from Medical Assistance, General Assistance Medical Care, and specified plans providing coverage to the uninsured.

Residency Requirement

Enrollees must be permanent residents of Minnesota. Permanent residency is demonstrated by maintaining a residence at a verified address, residing in the state for 180 days prior to application, and signing an affidavit relating to permanent residency.

Covered Services

Covered services are defined in law as most health services reimbursed under MA. Certain services that are covered by MA are **not** covered by MinnesotaCare. These excluded services are listed on the following page. Covered services, and applicable service limitations and cost-sharing requirements, are listed in Table 3.

Table 3 Covered Services	
Covered Service	Enrollee Cost-sharing
Physician and health clinic visits	None
Dentist visits, excluding orthodontics and adult non-preventive services	None
Vision care, including prescription glasses	\$25 per pair of eyeglasses for adults
Diagnostic, screening, and preventive services, including immunizations	None
Most prescription drugs	\$3 per prescription for adults
Chiropractic and rehabilitative therapy services	None
Outpatient laboratory and x-ray services	None
Outpatient mental health services (limited to diagnostic assessments, psychological testing, explanation of findings, day treatment, partial hospitalization, medication management, and individual, family and group psychotherapy)	None
Home care services, excluding private duty nursing and personal care attendant services	None
Outpatient surgery and emergency room services	None
Outpatient treatment for alcohol or drug dependency	None
Inpatient hospital services, including inpatient hospital mental health and inpatient hospital and residential chemical dependency; annual benefit limit of \$10,000 for adults (limit does not apply to children)	10% of submitted hospital charges for adult enrollees, subject to annual out-of-pocket maximums of \$1,000 per individual and \$3,000 per family
Emergency medical transportation	None
Hospice care services	None
Medical supplies	None

Excluded Services

The following services are specifically excluded:

- Special education services
- Private duty nursing services
- Adult dental care services other than preventive services
- Orthodontic services
- Non-emergency medical transportation services
- Personal care attendant services
- Case management services
- Nursing home or intermediate care facility services

Benefit Limits and Cost-sharing

Most services are covered in the same way they are covered under MA. However, certain MinnesotaCare services are subject to benefit limitations, and cost-sharing requirements apply to selected services for adults. No cost-sharing requirements apply to services for children.

Enrollee Premiums

Reduced Premium for Certain Children

Children enrolling in MinnesotaCare are charged a reduced premium of \$48 a year, if they are from families with incomes that do not exceed 150 percent of the federal poverty guidelines, are not eligible for MA, and are not otherwise insured for the covered service.

Subsidized Premium

Children enrolling in MinnesotaCare who do not qualify for the reduced premium described above, and adults enrolling in the program, are charged a subsidized premium based on a sliding scale. The premium charged ranges from 1.5 to 8.8 percent of gross family income.

Table 4 provides sample premiums for different income levels and household sizes. These premiums apply to both families with children and to single adults and families without children who become eligible for MinnesotaCare October 1, 1994. Complete premium tables are available from DHS.

Table 4 Monthly Household Premiums						
	Household Size					
Gross Monthly Income	1	2*	3	4	5	6 or more
\$250	\$4	\$4	\$4	\$4	\$3	\$4
\$500	9	7	8	8	8	7
\$1,000	N.E.	31	23	18	18	15
\$1,500	N.E.	72	57	46	34	35
\$2,000	N.E.	175	118	76	62	63
\$2,500	N.E.	N.E.	221	147	121	94
\$3,000	N.E.	N.E.	N.E.	263	176	143
\$3,500	N.E.	N.E.	N.E.	N.E.	308	206
\$4,000	N.E.	N.E.	N.E.	N.E.	N.E.	352
NOTE: N.E. means not eligible to enroll in MinnesotaCare at this income level. *The maximum income limit for families without children (household size of two) is \$1,025/month. The sample premiums listed in the table for a household size of two reflect the higher income limit that applies to families with children.						

Provider Availability and Reimbursement

Enrollees can obtain health care services under MinnesotaCare from providers participating in the MA program. For most services, providers are paid for services provided to MinnesotaCare enrollees at MA reimbursement rates, minus any applicable copayment amount for services to adult enrollees. The legislature has authorized the Commissioner of Human Services to designate geographic areas in which enrollees will be required to obtain MinnesotaCare services through managed care plans.

Estimated Enrollment and Expenditures

As of May 1, 1994, 69,566 individuals were enrolled in the MinnesotaCare program. DHS estimates that the average monthly MinnesotaCare enrollment will be 89,798 individuals for FY 1995, and 129,622 individuals for FY 1996. Payments for medical care services provided through MinnesotaCare are estimated to be \$96.8 million in FY 1995, and \$172.4 million in FY 1996.⁴

Funding Sources

Funding for MinnesotaCare premium subsidies, and for other health care access initiatives, is provided by:

- A two percent tax on gross revenues of hospitals and surgical centers, effective January 1, 1993.
- A two percent tax on the gross revenues of health care providers, pharmacies, and wholesale drug distributors, effective January 1, 1994.
- A one percent premium tax on health maintenance organizations, non-profit health service corporations, community integrated service networks, and integrated service networks, effective January 1, 1996.

Medicare, Medical Assistance, General Assistance Medical Care, and MinnesotaCare payments to providers are excluded from gross revenues. Nursing home services and other specified payments are also excluded from gross revenues.

The measures listed above will raise an estimated \$137.8 million in FY 1995 and an estimated \$162.3 million in FY 1996. In addition to these amounts, enrollee premium payments are expected to total \$14.8 million in FY 1995, and \$29.7 million in FY 1996.⁵

⁴Enrollment and cost figures are from an April 12, 1994 DHS fiscal note (DHS Reports and Forecasts Div.) and the May 1, 1994 MinnesotaCare Project enrollment reference sheet.

⁵Tax revenue estimates are from the conference committee MinnesotaCare final tracking sheet, dated May 5, 1994. Enrollee premium payment estimates are from the April 12, 1994 DHS fiscal note.

Application Procedure

Application forms for MinnesotaCare, and additional information on the program, can be obtained from DHS by calling:

1-800-657-3672
or
297-3862 (in the metro area)

Application forms are also available through:

- Health care provider offices
- Local human services agencies
- School districts
- Some public and private elementary schools
- Community health offices
- Women, Infants, and Children (WIC) sites