

# HOUSE RESEARCH

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## Information Brief

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### The MinnesotaCare Program

The MinnesotaCare program, administered by the Department of Human Services, provides subsidized health coverage for eligible Minnesotans. This information brief describes eligibility requirements, covered services, and other aspects of the MinnesotaCare program. It reflects changes in the program made during the 1995 session, including changes resulting from approval of the state's health care reform waiver by the federal government (Laws of Minnesota 1995, Chapter 234).

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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). 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 apply for MA.

DHS is also the agency responsible for implementing Minnesota's health care reform waiver. This waiver was 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 MinnesotaCare and Medical Assistance programs. The 1995 MinnesotaCare act contained language to implement the new waiver. Significant changes in the MinnesotaCare program that result from the waiver are noted in this information brief.<sup>1</sup>

## Eligibility

To be eligible for MinnesotaCare, individuals must belong to an eligible category, meet income criteria, and satisfy other requirements related to lack of access to health insurance and residency. Minor children, parents, and dependent siblings<sup>2</sup> residing in the same household are eligible for MinnesotaCare, if their family income does not exceed 275 percent of the federal poverty guidelines<sup>3</sup> and other eligibility requirements are met. Different eligibility requirements and premiums apply to children from households with incomes that do not exceed 150 percent of the federal poverty guidelines.

Single adults and households without children are also eligible for MinnesotaCare, if their household incomes do not exceed 125 percent of the federal poverty guidelines and other eligibility requirements are met. The Commissioner of Human Services is allowed (but not required) to expand eligibility for single adults and households without children to 135 percent of the federal poverty guidelines after October 1, 1995, if certain requirements related to financial management of the MinnesotaCare program are met. As of September 1995, the commissioner had decided not to expand the income eligibility level for single adults and households without children.

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<sup>1</sup>See **The Health Care Reform Waiver** House Research November 1995, for information on other aspects of the waiver.

<sup>2</sup>A child is defined in the law as an individual under 21 years of age, including the unborn child of a pregnant woman and an emancipated minor and that person's spouse. The age limit for children was raised from age 18 to 21 as part of the health care reform waiver. Dependent siblings are defined in the law as unmarried children under age 25 who are full-time students and financially dependent upon their parents.

<sup>3</sup>Prior to passage of legislation to implement the waiver, the income limit for this group was set in statute and varied between 261 and 267 percent of the 1994 federal poverty guidelines, depending on family size. The federal poverty guidelines are adjusted every year for inflation.

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Eligibility for MinnesotaCare*			
Categories Eligible	Household Income Limit	Other Eligibility Criteria	Cost to Enrollee
Lower Income Children	150% of the federal poverty guidelines	Not otherwise insured for the covered services; permanent Minnesota resident	Annual premium of \$48 per person
Other Children	275% of the federal poverty guidelines	No access to employer-subsidized coverage for 18 months; 4 months uninsured; permanent Minnesota resident	Premium based on sliding scale
Parents	275% of the federal poverty guidelines	No access to employer-subsidized coverage for 18 months; 4 months uninsured; permanent Minnesota resident	Premium based on sliding scale
Single adults, households 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
*Limited exceptions to these requirements are noted in the text.			

Table 1 lists eligible categories, eligibility criteria, and enrollee cost (see Table 4 on page 8 for sample sliding scale premiums). 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 \$104 for a single individual, \$208 for a family of two, and \$312 for families of three or more.

Table 2

Annual Income Limits for MinnesotaCare			
Household Size	125% of 1995 Federal Poverty Guidelines	135% of 1995 Federal Poverty Guidelines	275% of 1995 Federal Poverty Guidelines
1	\$ 9,336	\$10,092	\$20,544
2	12,540	13,548	27,588
3	--	--	34,620
4	--	--	41,664
5 or more	--	--	48,708

## **Not Otherwise Insured**

In order to be eligible for the \$48 annual premium, children must not be otherwise insured for the covered services. A child is "not otherwise insured for covered health services" when one of the following criteria is met:

- (1) the child lacks two or more of the following types of coverage:
  - ▶ basic hospital coverage;
  - ▶ medical-surgical coverage;
  - ▶ major medical coverage;
  - ▶ dental coverage; or
  - ▶ vision coverage;
- (2) coverage requires a deductible of \$100 or more per person per year; or
- (3) the child lacks coverage because the maximum coverage for a particular diagnosis has been exceeded, or the policy of coverage excludes coverage for that diagnosis.

## **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 from households with incomes that do not exceed 150 percent of the federal poverty guidelines
- (2) persons losing coverage as a result of an involuntary layoff not due to employee misconduct
- (3) children whose parents lose employer-subsidized coverage due to misconduct or voluntary separation from employment
- (4) situations in which coverage was lost due to the death of an employee or divorce
- (5) individuals who lose coverage because they become ineligible for coverage as a child or dependent

All groups listed above, with the exception of children eligible for the \$48 annual premium, 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:

- (1) children from households with incomes that do not exceed 150 percent of the federal poverty guidelines;
- (2) persons applying for MinnesotaCare coverage upon termination from Medical Assistance, General Assistance Medical Care, and specified plans providing coverage to the uninsured;
- (3) certain children and individuals who initially enrolled at the time the MinnesotaCare program was established; and
- (4) certain individuals who re-enroll in MinnesotaCare following service in the military reserves.

### **Residency Requirement**

Enrollees who are children or members of households with children must meet the residency requirements of the MA program.<sup>4</sup> The MA program requires a demonstration of intent to reside permanently in Minnesota, but does not include a durational residency requirement (a requirement that an individual live in Minnesota for a specified period of time before applying for MinnesotaCare).

In contrast, enrollees who are single adults or members of households without children must have resided in the state for 180 days prior to application, and must also satisfy other criteria relating to permanent residency.

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<sup>4</sup>This is a change related to approval of the waiver. Prior to passage of legislation to implement the waiver, children and members of households with children had to meet the durational residency requirement that currently applies to adults in households without children.

## Covered Services

There are two benefit packages under MinnesotaCare. Services covered under these benefit packages are summarized in Table 3.

As a result of the waiver, pregnant women and children up to age 21 enrolled in MinnesotaCare will be able to access the full range of MA services without enrolling in MA and will be exempt from MinnesotaCare copayments and benefit limitations.<sup>5</sup> These individuals will still need to pay MinnesotaCare premiums. Pregnant women and children up to age two can avoid these premium charges by enrolling in MA. Under prior law, only pregnant women and children under age one could access the full range of MA services, and could do so only by enrolling in MA.

All adults other than pregnant women are covered under MinnesotaCare for most but not all services covered under MA, and are subject to copayments and benefit limitations for certain services.

Enrollees can obtain health care services under MinnesotaCare only 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.

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<sup>5</sup>As a result of the waiver, the federal government contributes towards the cost of providing health care services to MinnesotaCare enrollees who are children or pregnant women. The federal contribution rate (referred to as "federal financial participation" or FFP) is the same as that provided under the MA program level (currently 54 percent federal funding and 46 percent state funding). Prior to the passage of legislation to implement the waiver, the cost of these services was paid for using state-only dollars and enrollee premium payments.

Table 3

Covered Services		
Service	Children and Pregnant Women	All Other Adults
Chemical dependency services	X	X <sup>1</sup>
Chiropractic	X	X
Dental services	X	X <sup>2</sup>
Diagnostic, screening, preventive services	X	X
Family planning services	X	X
Hearing aids	X	X
Certain home care services	X	X
Hospice care services	X	X
Individualized Education Plan/Special education services	X	
Immunizations	X	X
Inpatient hospital services	X	X <sup>3</sup>
Long-term care facility services	X	
Medical equipment and supplies	X	X
Nurse practitioner services	X	X
Orthodontic services	X	
Outpatient laboratory and x-ray services	X	X
Outpatient mental health services	X	X <sup>4</sup>
Personal care attendant and case management services	X	
Physical therapy, occupational therapy, speech therapy, audiology	X	X
Physician and health clinic visits	X	X
Most prescription drugs	X	X <sup>5</sup>
Private duty nursing services	X	
Public health nursing clinic services	X	X
Rehabilitative therapy services (Medicare-certified agency)	X	X
Services related to pregnancy	X	X
Transportation: Emergency	X	X
Transportation: Special	X	
Vision care, including prescription eyeglasses	X	X <sup>6</sup>

1. Assessment and placement must be made by a local agency.
2. Excludes adult nonpreventive dental services; adults receive preventive services only.
3. \$10,000 benefit limit per adult per year; 10% copay of hospital's submitted charge, adult only, up to a maximum of \$1,000 per adult or \$3,000 per family.
4. Only certain outpatient mental health services are covered: diagnostic assessments; psychological testing; explanation of findings; day treatment; partial hospitalization; individual, family, and group psychotherapy; and medication management.
5. \$3 copay, adults only.
6. \$25 copay per pair of eyeglasses, adults only.

Source: Department of Human Services, "Providers' Guide to MinnesotaCare."

## Enrollee Premiums

### \$48 Annual Premium

Children enrolling in MinnesotaCare are charged a premium of \$48 a year, if they are from households with incomes that do not exceed 150 percent of the federal poverty guidelines.

### Subsidized Premium Based on Sliding Scale

Children enrolling in MinnesotaCare who do not qualify for the \$48 annual premium described above, and adults enrolling in the program, are charged a subsidized premium based upon a sliding scale. The premium charged ranges from 1.5 to 8.8 percent of gross family income. The minimum premium is \$4 per person per month.

Table 4 provides sample monthly premiums for different income levels and household sizes. These premiums apply to both families with children and to single adults and households without children. Complete premium tables are available from DHS.

Table 4

Sample Monthly Household Premiums					
Gross Monthly Income	Household Size				
	1	2*	3	4	5 or more
\$250	\$4	\$8	\$12	\$12	\$12
\$500	9	8	12	12	12
\$1,000	38	23	23	18	18
\$1,500	N.E.	72	47	47	34
\$2,000	N.E.	149	96	76	62
\$2,500	N.E.	N.E.	184	147	121
\$3,000	N.E.	N.E.	N.E.	221	176
\$3,500	N.E.	N.E.	N.E.	N.E.	258
\$4,000	N.E.	N.E.	N.E.	N.E.	N.E.

**NOTE:** N.E. means **not eligible** to enroll in MinnesotaCare at this income level.

\*The maximum income limit for households without children (household size of two) is \$1,045/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.



## Enrollment, Expenditures, and Funding

As of October 1, 1995, 90,230 individuals were enrolled in the MinnesotaCare program. Payments for medical care services provided through MinnesotaCare are estimated to be \$88.0 million in FY 1996, and \$130.0 million in FY 1997.<sup>6</sup>

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

The measures listed above will raise an estimated \$158.1 million in FY 1996 and an estimated \$185.2 million in FY 1997. In addition to these amounts, enrollee premium payments are expected to total \$19.2 million in FY 1996 and \$23.5 million in FY 1997, and federal financial participation received as a result of the waiver (see footnote 5) is expected to total \$18.5 million in FY 1996 and \$21.6 million in FY 1997.

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<sup>6</sup>Enrollment figures are from the October 4, 1995, MinnesotaCare enrollment reference sheet prepared by the Department of Human Services. Estimates of medical payments, and the estimates provided below for MinnesotaCare tax revenue, enrollee premium payments, and federal financial participation, are from the September 28, 1995, and June 7, 1995, tracking sheets prepared by House fiscal staff. The estimates assume that the expansion in eligibility for single adults and households without children to 135% of the federal poverty level does not take place.

## 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