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# HOUSE RESEARCH

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## Information Brief

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### The MinnesotaCare Program

The MinnesotaCare program, administered by the Minnesota 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 the July 1, 1996, expansion of eligibility for single adults and households without children, and the movement of MinnesotaCare enrollees into prepaid health plans in phases beginning on that date.

<b>Contents</b>	<b>Page</b>
<b>Administration</b> .....	<b>2</b>
<b>Eligibility</b> .....	<b>2</b>
<b>Covered Services</b> .....	<b>6</b>
<b>Enrollee Premiums</b> .....	<b>9</b>
<b>Prepaid MinnesotaCare</b> .....	<b>10</b>
<b>Enrollment, Expenditures, and Funding</b> .....	<b>11</b>
<b>Application Procedure</b> .....	<b>12</b>

**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 Minnesota Department of Human Services (DHS). DHS is responsible for processing applications and determining eligibility, reimbursing providers under fee-for-service MinnesotaCare, contracting with managed care plans under prepaid MinnesotaCare, monitoring spending on 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. This information brief reflects changes in the MinnesotaCare program that have resulted from the waiver.<sup>1</sup>

## Eligibility

To be eligible for MinnesotaCare, individuals must 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 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 eligible for MinnesotaCare if their household incomes do not exceed 135 percent of the federal poverty guidelines and they meet other eligibility requirements. The income limit for this group was increased from 125 percent of the poverty guidelines on July 1, 1996.<sup>3</sup>

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<sup>1</sup> See **The Health Care Reform Waiver**, November 1995, House Research Department, 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> The 1996 Legislature passed a bill that would have required the Commissioner of Human Services to expand the MinnesotaCare income limit for single individuals and households without children from the current level of 125 percent of the federal poverty guidelines to 150 percent of the poverty guidelines. The governor vetoed this bill, but in his veto message directed the Commissioner of Human Services to increase the MinnesotaCare income limit to 135 percent of the federal poverty guidelines beginning July 1, 1996, using authority that had been granted to the commissioner by the 1995 Legislature.

Table 1

<b>Eligibility for MinnesotaCare*</b>			
<b>Categories Eligible</b>	<b>Household Income Limit</b>	<b>Other Eligibility Criteria</b>	<b>Cost to Enrollee</b>
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	135% 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
*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 \$98 for a single individual, \$197 for a family of two, and \$295 for families of three or more.

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- (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.

## 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 health care reform waiver, pregnant women and children up to age 21 enrolled in MinnesotaCare can access the full range of MA services without enrolling in MA and are exempt from MinnesotaCare copayments and benefit limitations.<sup>5</sup> These individuals still must 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.

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<sup>4</sup> This is a change related to approval of the health care reform 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.

<sup>5</sup> As a result of the waiver, the federal government contributes toward 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 with state-only dollars and enrollee premium payments.

Enrollees can obtain health care services under MinnesotaCare only from providers participating in the MA program. For most services delivered under fee-for-service MinnesotaCare, providers are paid for services provided to MinnesotaCare enrollees at MA reimbursement rates, minus any applicable copayment amount for services to adult enrollees.

Table 3

Covered Services		
Service	Children and Pregnant Women	All Other Adults
Access Services (transportation, lodging, interpreter and other services needed to access other covered services)	X	
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
Pregnancy-related services	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
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 percent 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 (assumes all household members enroll)				
	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	46	34	35
\$2,000	N.E.	148	96	76	62
\$2,500	N.E.	N.E.	186	120	95
\$3,000	N.E.	N.E.	N.E.	223	178
\$3,500	N.E.	N.E.	N.E.	N.E.	259
\$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 \$1,165/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.

## Prepaid MinnesotaCare

The legislature has authorized the Commissioner of Human Services to contract with health maintenance organizations and other prepaid health plans to deliver health care services to MinnesotaCare enrollees. When prepaid MinnesotaCare is fully implemented, all MinnesotaCare enrollees will receive health care services through prepaid health plans and not through fee-for-service.<sup>6</sup>

Prepaid health plans (sometimes referred to as managed care plans) 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. A capitated payment is a predetermined, fixed payment per enrollee that does not vary with the amount or type of health care services provided. A prepaid health plan reimbursed under capitation does not receive a higher payment for providing more units of service or more expensive services to an enrollee, nor does it receive a lower payment for providing fewer units of service or less expensive services to an enrollee.

In contrast, health care providers under fee-for-service are paid separately for each enrollee visit or service provided. The total payment received by a provider for care delivered to an enrollee is not capitated, but instead increases if more units of service or more expensive services are provided, and decreases if fewer units of service or less expensive services are provided.

Under prepaid MinnesotaCare, enrollees will be required to select a specific prepaid plan from which to receive services, obtain services from providers in that plan's provider network, and follow that plan's procedures for seeing specialists and accessing health care services. Enrollee premiums, covered health care services, and copayments will be the same as currently apply under fee-for-service MinnesotaCare.

For enrollees in families with children, conversion from a fee-for-service to a prepaid delivery system will take place in four stages by geographic region, beginning July 1, 1996. According to the DHS implementation schedule, all enrollees in families with children will be enrolled in prepaid health plans by November 1, 1996. For enrollees who are single adults or who reside in households without children, conversion from a fee-for-service to a prepaid delivery system will take place statewide on January 1, 1997.

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<sup>6</sup> The 1996 health and human services supplemental appropriations act requires the Commissioner of Human Services to seek a federal waiver to allow a fee-for-service plan option for MinnesotaCare enrollees (Chapter 451, Article 2, section 33).



## Enrollment, Expenditures, and Funding

As of July 1, 1996, 92,907 individuals were enrolled in the MinnesotaCare program. Payments for medical care services provided through MinnesotaCare are estimated to be \$117.8 million in FY 1997, and \$140.2 million in FY 1998.<sup>7</sup>

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

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

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 \$172.3 million in FY 1997 and an estimated \$183.8 million in FY 1998. In addition to these amounts, enrollee premium payments are expected to total \$21.1 million in FY 1997 and \$24.5 million in FY 1998, and federal financial participation received as a result of the waiver (see footnote 5) is expected to total \$15.1 million in FY 1997 and \$15.6 million in FY 1998.

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<sup>7</sup> Enrollment figures are from the June 11, 1996, 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 April 17, 1996 tracking sheet prepared by Minnesota House of Representatives fiscal staff.

## 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