

Randall Chun, Legislative Analyst
296-8639

(For copies call 296-6753)

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, 1997 expansion of eligibility for single adults and households without children, and other changes resulting from the 1997 legislative session.

Contents	Page
Administration	2
Eligibility	2
Covered Services and Copayments	6
Enrollee Premiums	10
Prepaid MinnesotaCare	11
Enrollment, Expenditures, and Funding	11
Application Procedure	12

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).

This publication can be made available in alternative formats upon request. Please call 296-6753 (voice); (612) 296-9896 or 1-800-657-3550 (TDD).

Administration

MinnesotaCare is administered by the Minnesota Department of Human Services (DHS). DHS is responsible for processing applications and determining eligibility, contracting with managed care plans, 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.¹

Eligibility

To be eligible for MinnesotaCare, individuals must meet income limits and satisfy other requirements related to lack of access to health insurance and residency. Effective upon federal approval, individuals will also need to meet asset limits.

Income Limits

Minor children, parents, and dependent siblings² residing in the same household are eligible for MinnesotaCare, if their household 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 175 percent of the federal poverty guidelines and they meet other eligibility requirements.

¹ Beginning January 1, 2000, county social service agencies will have the option of processing applications and determining eligibility for all MinnesotaCare applicants.

² 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. Dependent siblings are defined in the law as unmarried children under age 25 who are full-time students and financially dependent upon their parents.

Table 1

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; residency requirement; asset limit**	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; residency requirement; asset limit**	Premium based on sliding scale
Parents	275% of the federal poverty guidelines	No access to employer-subsidized coverage for 18 months; 4 months uninsured; residency requirement; asset limit**	Premium based on sliding scale
Single Adults, Households without Children	175% of the federal poverty guidelines	Not eligible for MA; no access to employer-subsidized coverage for 18 months; 4 months uninsured; residency requirement; asset limit**	Premium based on sliding scale
* Exceptions to these requirements are noted in the text. ** Effective upon federal approval.			

Table 1 lists eligible categories, eligibility criteria, and enrollee cost (see Table 4 on page 10 for sample sliding scale premiums). Table 2 on page 4 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 monthly cost of premiums is \$128 for a single individual, \$255 for a family of two, and \$383 for a family of three or more.

Asset Limits

Effective upon federal approval, MinnesotaCare applicants and enrollees will be subject to an asset limit of \$15,000 in total net assets for households of one and \$30,000 in total net assets for households of two or more persons. The following items will be excluded from total net assets:

- ▶ a homestead
- ▶ household goods and personal effects
- ▶ assets owned by children

- ▶ vehicles used for employment
- ▶ court ordered settlements up to \$10,000
- ▶ individual retirement accounts
- ▶ capital and operating assets of a trade or business up to \$200,000

Pregnant women will be exempt from the MinnesotaCare asset limit.

Table 2

Annual Household Income Limits for MinnesotaCare			
Household Size	150% of 1997 Federal Poverty Guidelines	175% of 1997 Federal Poverty Guidelines	275% of 1997 Federal Poverty Guidelines
1	\$11,835	\$13,812	\$21,696
2	15,915	18,564	29,172
3	19,995	23,328	36,660
4	24,075	28,092	44,136
5	28,155	32,844	51,612**
6	32,235	37,608	51,612
7	36,315	42,372	51,612
8	40,395	47,124	51,612
9	44,475	51,612**	51,612
10	48,555	51,612	51,612
Additional	4,080	N/A	N/A

** The maximum household income for initial enrollment allowed under MinnesotaCare is \$51,612 regardless of family size. Once this limit is reached, the federal poverty guidelines are no longer used.

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 cost. 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) certain children who initially enrolled in MinnesotaCare at the time the program was established;
- (3) persons losing coverage as a result of an involuntary layoff not due to employee misconduct;
- (4) children whose parents lose employer-subsidized coverage due to misconduct or voluntary separation from employment;
- (5) situations in which coverage is lost due to the death of an employee or divorce; and
- (6) individuals who lose coverage because they become ineligible for coverage as a child or dependent.

All groups listed above, with the exception of children referred to in clauses (1) and (2), are still subject to the requirement that they have had 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 or as required by Medical Assistance, General Assistance Medical Care,³ and specified plans providing coverage to the uninsured;
- (3) certain children and individuals who initially enrolled in MinnesotaCare at the time the program was established; and
- (4) certain individuals who re-enroll in MinnesotaCare following service in the military reserves.

³ Effective July 1, 1998, GAMC applicants and recipients who are adults with dependent children with family incomes that do not exceed 275 percent of the federal poverty guidelines, or who are adults without children with incomes between 75 percent and 175 percent of the federal poverty guidelines, and who meet the MinnesotaCare eligibility criteria, will be terminated from GAMC upon enrollment in MinnesotaCare.

Not Otherwise Insured

Lower income children (those from households with incomes that do not exceed 150 percent of the federal poverty guidelines) are not subject to the four month uninsured requirement but instead, 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) the child's 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.

Residency Requirement

Pregnant women, families, and children must meet the residency requirements of the Medicaid program, except that the Medical Assistance 30-day residency requirement in Minnesota Statutes, section 256B.056, subdivision 1, will apply upon federal approval. The Medicaid program requires a demonstration of intent to reside permanently in a state, but 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).

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

Covered Services and Copayments

Pregnant women and children have access to a broader range of covered services than adults who are not pregnant (services covered under MinnesotaCare for these two groups are listed in Table 3 on page 9). In addition, adults who are not pregnant are subject to benefit limitations and copayments that do not apply to pregnant women and children.

Covered Services

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 benefit limitations and copayments.⁴ These individuals must still pay MinnesotaCare premiums. Pregnant women and children up to age two can avoid these premium charges by enrolling in MA, if they meet the MA asset limit.⁵

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

Benefit Limitations for Adults

Adults who are not pregnant are subject to the following benefit limitations. These limitations do not apply to pregnant women or children.

- ▶ Dental services for adults on MinnesotaCare who are not pregnant are limited to nonpreventive services, except that beginning July 1, 1998, nonpreventive dental services will be covered for adults who are not pregnant with household incomes that do not exceed 175 percent of the federal poverty guidelines. These nonpreventive services will be subject to a 50 percent copayment.
- ▶ Inpatient hospital services for adults who are not pregnant are subject to an annual benefit limit of \$10,000, except that beginning July 1, 1997, this limit does not apply to parents with household incomes that do not exceed 175 percent of the federal poverty guidelines.
- ▶ Outpatient mental health services for adults who are not pregnant are limited to: diagnostic assessments; psychological testing; explanation of findings; day treatment; partial hospitalization; individual, family, and group psychotherapy; and medication management.

⁴ This is a change in MinnesotaCare related to approval of the health care reform waiver 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. Other MinnesotaCare changes related to the waiver include: (1) an increase in the age limit for children from 18 to 21; (2) elimination of durational residency for pregnant women, families, and children; and (3) receipt of federal contributions (referred to as "federal financial participation" or FFP) for services provided to MinnesotaCare enrollees who are children or pregnant women. In early 1997, the state submitted additional waiver requests to the federal government as part of Phase 2 of the health care reform waiver. One of the requests is to provide the MA benefit set to parents on MinnesotaCare, and to obtain FFP for these individuals.

⁵ Laws 1997, chapter 203, article 4, sections 22 and 23, reinstated the MA asset limit for pregnant women and infants. This limit is \$3,000 for a household of one and \$6,000 for a household of two, plus \$200 for each additional dependent. The value of certain items does not count toward the asset limit.

Copayments for Adults

Adults who are not pregnant are subject to the following benefit limitations. These limitations do not apply to pregnant women or children.

- ▶ Ten percent copayment for a hospital's submitted charge, up to a maximum of \$1,000 per adult or \$3,000 per family. Beginning July 1, 1998, the copayment will be based upon 10 percent of the charges paid by the MinnesotaCare program.
- ▶ \$3.00 copayment per prescription.
- ▶ \$25.00 copayment per pair of eyeglasses.

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
Chiropractic	X	X
Dental services	X	X
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
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
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
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

* Benefit limitations and cost-sharing requirements apply.

Enrollee Premiums

\$48 Annual Premium

Children enrolling in MinnesotaCare are charged an annual premium of \$48 per child, 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					
	Household Size (assumes all household members enroll)				
Gross Monthly Income	1	2*	3	4	5 or more
\$250	\$4	\$8	\$12	\$12	\$12
\$500	9	8	12	12	12
\$1,000	38	23	18	18	18
\$1,500	N.E.	57	46	34	34
\$2,000	N.E.	148	97	75	62
\$2,500	N.E.	N.E.	186	119	95
\$3,000	N.E.	N.E.	N.E.	221	145
\$3,500	N.E.	N.E.	N.E.	N.E.	257
\$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 \$1,547 per 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. MinnesotaCare enrollees were switched from fee-for-service care to prepaid care in stages, between July 1, 1996 and January 1, 1997. Since January 1, 1997, all MinnesotaCare enrollees have received health care services through prepaid health plans and not through fee-for-service.⁶

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.

Under prepaid MinnesotaCare, enrollees 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 are the same as they would have been under fee-for-service MinnesotaCare.

Enrollment, Expenditures, and Funding

As of August 1, 1997, 99,723 individuals were enrolled in the MinnesotaCare program. Payments for medical care services provided through MinnesotaCare are estimated to be \$105 million in FY 1998, and \$152.4 million in FY 1999.⁷

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

⁶ 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 (Laws 1996, Chapter 451, Article 2, section 33). This request has been included in Phase 2 of the health care reform waiver.

⁷ Enrollment figures are from the August 12, 1997, MinnesotaCare enrollment reference sheet prepared by the Department of Human Services. Estimates of medical payments, and the estimates provided below for MinnesotaCare tax revenue and enrollee premium payments are from the June 17, 1997 tracking sheet prepared by House and Senate fiscal staff. Estimates of federal financial participation were provided by House and Senate fiscal staff.

- ▶ A tax on the gross revenues of health care providers, hospitals, surgical centers, and wholesale drug distributors. The tax percentage is 1.5 percent of gross revenues for calendar years 1998 and 1999. The tax will remain at this rate for an additional two calendar years if the Commissioner of Finance projects a positive structural balance in the health care access fund for fiscal year 2001.
- ▶ A one percent premium tax on health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks. For calendar years 1997 and 1998, Minnesota law exempts these entities from the premium tax if the rate of increase in their expenditures for health care services in the individual and small employer markets does not exceed the MinnesotaCare cost containment goals specified in section 62J.04. For future calendar years, no premium tax will be imposed if the Commissioner of Finance determines there will be no structural deficit in the health care access fund for the next fiscal year. If a deficit is projected, the Commissioner of Finance is required to reinstate the tax in increments of 0.25 percent at the lowest level that is sufficient to eliminate the projected structural deficit.

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 \$171.2 million in FY 1998 and an estimated \$137.6 million in FY 1999. In addition to these amounts, enrollee premium payments are expected to total \$23 million in FY 1998 and \$28.5 million in FY 1999, and federal financial participation received as a result of the health care reform waiver (see footnote 4) is expected to total \$29.2 million in FY 1998 and \$44.1 million in FY 1999.

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