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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 2546

03/27/2017 Authored by Dean, M.,  
The bill was read for the first time and referred to the Committee on Health and Human Services Reform

1.1 A bill for an act  
1.2 relating to human services; requiring the commissioner of human services to  
1.3 develop and implement a health care delivery system demonstration project;  
1.4 proposing coding for new law in Minnesota Statutes, chapter 256B.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. [256B.0759] HEALTH CARE DELIVERY SYSTEM DEMONSTRATION  
1.7 PROJECT.

1.8 Subdivision 1. Implementation. (a) The commissioner shall develop and implement a  
1.9 demonstration project to test alternative and innovative health care delivery system payment  
1.10 and care models that provide services to medical assistance and MinnesotaCare enrollees  
1.11 for an agreed-upon, prospective per capita or total cost of care payment. The commissioner  
1.12 shall implement this demonstration project in coordination with, and as an expansion of,  
1.13 the demonstration project authorized under section 256B.0755.

1.14 (b) In developing the demonstration project, the commissioner shall:

1.15 (1) establish uniform statewide methods of forecasting utilization and cost of care for  
1.16 the medical assistance and MinnesotaCare populations to be served under the health care  
1.17 delivery system demonstration project;

1.18 (2) identify key indicators of quality, access, and patient satisfaction, and identify methods  
1.19 to measure cost savings;

1.20 (3) allow maximum flexibility to encourage innovation and variation so that a variety  
1.21 of provider collaborations are able to participate as health care delivery systems, and health  
1.22 care delivery systems can be customized to address the special needs and barriers of patient  
1.23 populations;

2.1 (4) authorize participation by health care delivery systems representing a variety of  
2.2 geographic locations, patient populations, provider relationships, and care coordination  
2.3 models;

2.4 (5) recognize the close partnerships between health care delivery systems and the counties  
2.5 and nonprofit agencies that also provide services to patients enrolled in the health care  
2.6 delivery system, including social services, public health, mental health, community-based  
2.7 services, and continuing care;

2.8 (6) identify services to be included under a prospective per capita payment model, and  
2.9 project utilization and cost of these services under a total cost of care risk/gain sharing  
2.10 model;

2.11 (7) establish a mechanism to monitor enrollment and attribute enrollees to a specific  
2.12 health care delivery system; and

2.13 (8) establish quality standards for delivery systems that are appropriate for the specific  
2.14 patient populations served.

2.15 Subd. 2. **Requirements for health care delivery system.** (a) To be eligible to participate  
2.16 in the demonstration project, a health care delivery system must:

2.17 (1) provide required services and care coordination to individuals enrolled in the health  
2.18 care delivery system;

2.19 (2) establish a process to monitor enrollment and ensure the quality of care provided;

2.20 (3) in cooperation with counties and community social service agencies, coordinate the  
2.21 delivery of health care services with existing social services programs;

2.22 (4) provide a system for advocacy and consumer protection; and

2.23 (5) adopt innovative and cost-effective methods of care delivery and coordination that  
2.24 may include the use of allied health professionals, telemedicine, patient educators, care  
2.25 coordinators, community paramedics, and community health workers.

2.26 (b) A health care delivery system may be formed by the following types of health care  
2.27 providers, if they have established, as applicable, a mechanism for shared governance:

2.28 (1) health care providers in group practice arrangements;

2.29 (2) networks of health care providers in individual practice;

2.30 (3) partnerships or joint venture arrangements between hospitals and health care providers;

3.1 (4) hospitals employing or contracting with the necessary range of health care providers;  
3.2 and  
3.3 (5) other entities, as the commissioner determines appropriate.

3.4 (c) A health care delivery system must contract with a third-party administrator to provide  
3.5 administrative services, including the administration of the payment system established  
3.6 under the demonstration project. The third-party administrator must conduct an assessment  
3.7 of risk, and must purchase stop-loss insurance or another form of insurance risk management  
3.8 related to the delivery of care. The commissioner may waive the requirement for contracting  
3.9 with a third-party administrator, if the health care delivery system can demonstrate to the  
3.10 commissioner that it can satisfactorily perform all of the duties assigned to the third-party  
3.11 administrator.

3.12 Subd. 3. **Enrollment.** (a) Individuals eligible for medical assistance or MinnesotaCare  
3.13 shall be eligible for enrollment in a health care delivery system. Individuals required to  
3.14 enroll in the prepaid medical assistance program or prepaid MinnesotaCare may opt out of  
3.15 receiving care from a managed care or county-based purchasing plan, and elect to receive  
3.16 care through a health care delivery system established under this section.

3.17 (b) Eligible applicants and recipients may enroll in a health care delivery system if the  
3.18 system serves the county in which the applicant or recipient resides. If more than one health  
3.19 care delivery system serves a county, the applicant or recipient may choose among the  
3.20 delivery systems.

3.21 (c) The commissioner shall assign an applicant or recipient to a health care delivery  
3.22 system if:

3.23 (1) the applicant or recipient is currently or has recently been attributed to the health  
3.24 care delivery system as part of an integrated health partnership under section 256B.0755;  
3.25 or

3.26 (2) no choice has been made by the applicant or recipient. In this case, the commissioner  
3.27 shall assign an applicant or recipient based on geographic criteria or based on the health  
3.28 care providers from whom the applicant or recipient has received prior care.

3.29 Subd. 4. **Accountability.** (a) A health care delivery system is responsible for the quality  
3.30 of care based on standards established by the commissioner, and for enrollee cost of care  
3.31 and utilization of services. The commissioner shall adjust accountability standards, and the  
3.32 quality, cost, and utilization of care, to take into account the social, economic, racial, or  
3.33 ethnic barriers experienced by the health care delivery system's patient population.

4.1 (b) A health care delivery system must contract with community health clinics, federally  
4.2 qualified health centers, community mental health centers or programs, county agencies,  
4.3 and rural health clinics to the extent practicable.

4.4 (c) A health care delivery system must indicate to the commissioner how it will coordinate  
4.5 its services with those delivered by other providers, county agencies, and other organizations  
4.6 in the local service area. The health care delivery system must indicate how it will engage  
4.7 other providers, counties, and organizations that provide services to patients of the health  
4.8 care delivery system on issues related to local population health, including applicable local  
4.9 needs, priorities, and public health goals. The health care delivery system must describe  
4.10 how local providers, counties, and organizations were consulted in developing the application  
4.11 submitted to the commissioner requiring participation in the demonstration project.

4.12 Subd. 5. **Payment system.** The commissioner shall develop a payment system for the  
4.13 health care delivery system demonstration project that includes prospective per capita  
4.14 payments, total cost of care benchmarks, and risk/gain sharing payment options. The payment  
4.15 system may include incentive payments to health care delivery systems that meet or exceed  
4.16 annual quality and performance targets through the coordination of care.

4.17 Subd. 6. **Federal waiver or approval.** The commissioner shall seek all federal waivers  
4.18 or approval necessary to implement the health care delivery system demonstration project.  
4.19 The commissioner shall notify the chairs and ranking minority members of the legislative  
4.20 committees with jurisdiction over health and human services policy and finance of any  
4.21 federal action related to the request for waivers and approval.

4.22 **EFFECTIVE DATE.** This section is effective January 1, 2018, or upon receipt of  
4.23 federal waivers or approval, whichever is later.