A bill for an act

relating to human services; requiring commissioner to establish a MinnesotaCare demonstration project to allow flexibility in the delivery of benefits; requiring a health benefits account to be established for each demonstration project participant; proposing coding for new law in Minnesota Statutes, chapter 256L.

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

Section 1. **[256L.29] MINNESOTACARE DEMONSTRATION PROJECT.**

Subdivision 1. **Establishment.** The commissioner, beginning January 1, 2011, or one year after issuance of the request for proposals under subdivision 2, whichever is later, shall establish a two-year statewide demonstration project to allow flexibility in the delivery of MinnesotaCare services to enrollees who are children, through the use of an alternative benefit set and an enrollee health benefits account. Participation in the demonstration project is voluntary.

Subd. 2. **Request for proposals.** (a) The commissioner, by January 1, 2010, or upon federal approval, whichever is later, shall request proposals from managed care and county-based purchasing plans to provide services to MinnesotaCare children on a statewide basis. The commissioner shall include in the request for proposals expenditure, utilization, and demographic information on the MinnesotaCare population to be covered.

(b) Proposals submitted by plan applicants must:

(1) provide a description of covered services and any deductible and cost-sharing requirements;

(2) specify the dollar amount to be contributed annually by the plan to the health benefit account;

(3) specify the monthly per-capita payment to be charged by the plan for providing coverage to enrollees;

(4) describe any proposed changes in the MinnesotaCare sliding scale; and

(5) include other information required by the commissioner for the request for proposals.

Subd. 3. **Benefit flexibility; sliding scale.** (a) Under the demonstration project, a plan shall have the flexibility to develop benefit sets and cost-sharing requirements that vary from those that apply to the standard MinnesotaCare program. A benefit set may vary the amount, duration, and scope of benefits, relative to the standard MinnesotaCare benefit set, but must cover key benefits at a level sufficient to meet the needs of the target population. To determine compliance with this criterion, the commissioner shall establish standards of sufficiency based on the target population's historical use of health care services.

(b) The benefit design must exempt preventive services, as specified by the commissioner, from any deductible requirement.

(c) The plan may, but is not required to, establish a new sliding scale for enrollees that reflects changes made to the standard MinnesotaCare benefit set and other plan design features.

Subd. 4. **Health benefit account.** (a) The plan awarded the contract must establish and fund a health benefit account for each enrollee and provide each enrollee with a health benefit card to allow electronic withdrawals and payments. The enrollee may use money in the account to pay for deductibles, cost-sharing, and health care services not covered under the benefit design. The commissioner shall establish procedures to penalize or disenroll from the demonstration project individuals who make nonqualified withdrawals from a health benefit account.

(b) Money in the account must carry over from year to year. At the end of the demonstration project, or upon loss of MinnesotaCare eligibility, money in the account must remain available to the individual for a two-year period for payment, as approved by the commissioner, of health coverage premiums and other health care costs.

(c) Amounts in, or contributed to, a health benefit account shall not be counted as income or assets for purposes of determining MinnesotaCare eligibility.

Subd. 5. **Contract award.** The commissioner shall accept one plan proposal to provide alternative coverage on a statewide basis. The commissioner shall award the demonstration project contract to the plan submitting the proposal with the highest value, based upon an evaluation of relative cost and quality and consumer satisfaction. The entity awarded the contract must agree to accept all enrollees on a guaranteed issue, community-rated basis.

Subd. 6. **Report.** The commissioner of human services shall evaluate the extent to which the demonstration project improved health care quality and enrollee satisfaction, and reduced health care spending. The commissioner shall report findings to the legislature by December 1, 2013. The report must include recommendations on whether the demonstration project should be expanded to additional MinnesotaCare enrollees, and whether health care delivery under MinnesotaCare should be modified based upon the results of the demonstration project.

Subd. 7. **Federal approval.** The commissioner shall seek all federal waivers and approvals necessary to implement this section.