

A bill for an act
relating to human services; permitting the state to contract with third-party
administrators to provide medical assistance benefits; requiring use of a
competitive request for proposal process; repealing mandatory participation by
health maintenance organizations; amending Minnesota Statutes 2010, sections
256B.0644; 256B.69, subdivisions 2, 5; repealing Minnesota Statutes 2010,
section 62D.04, subdivision 5.

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

Section 1. Minnesota Statutes 2010, section 256B.0644, is amended to read:

**256B.0644 REIMBURSEMENT UNDER OTHER STATE HEALTH CARE
PROGRAMS.**

(a) A vendor of medical care, as defined in section 256B.02, subdivision 7, ~~and a
health maintenance organization, as defined in chapter 62D,~~ must participate as a provider
or contractor in the medical assistance program, general assistance medical care program,
and MinnesotaCare as a condition of participating as a provider in health insurance plans
and programs or contractor for state employees established under section 43A.18, the
public employees insurance program under section 43A.316, for health insurance plans
offered to local statutory or home rule charter city, county, and school district employees,
the workers' compensation system under section 176.135, and insurance plans provided
through the Minnesota Comprehensive Health Association under sections 62E.01 to
62E.19. The limitations on insurance plans offered to local government employees shall
not be applicable in geographic areas where provider participation is limited by managed
care contracts with the Department of Human Services. For purposes of this section, a
health maintenance organization, as defined in chapter 62D, is not a vendor of medical
care.

(b) ~~For providers other than health maintenance organizations,~~ Participation in the medical assistance program means that:

(1) the provider accepts new medical assistance, general assistance medical care, and MinnesotaCare patients;

(2) for providers other than dental service providers, at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage; or

(3) for dental service providers, at least ten percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage, or the provider accepts new medical assistance and MinnesotaCare patients who are children with special health care needs. For purposes of this section, "children with special health care needs" means children up to age 18 who: (i) require health and related services beyond that required by children generally; and (ii) have or are at risk for a chronic physical, developmental, behavioral, or emotional condition, including: bleeding and coagulation disorders; immunodeficiency disorders; cancer; endocrinopathy; developmental disabilities; epilepsy, cerebral palsy, and other neurological diseases; visual impairment or deafness; Down syndrome and other genetic disorders; autism; fetal alcohol syndrome; and other conditions designated by the commissioner after consultation with representatives of pediatric dental providers and consumers.

(c) Patients seen on a volunteer basis by the provider at a location other than the provider's usual place of practice may be considered in meeting the participation requirement in this section. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly basis to the commissioner of management and budget, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program. The commissioner of management and budget shall implement this section through contracts with participating health and dental carriers.

(d) For purposes of paragraphs (a) and (b), participation in the general assistance medical care program applies only to pharmacy providers.

EFFECTIVE DATE. This section is effective for medical assistance, general assistance medical care, and MinnesotaCare plan years beginning on or after January 1, 2012.

Sec. 2. Minnesota Statutes 2010, section 256B.69, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given.

(a) "Commissioner" means the commissioner of human services. For the remainder of this section, the commissioner's responsibilities for methods and policies for implementing the project will be proposed by the project advisory committees and approved by the commissioner.

(b) "Demonstration provider" means a health maintenance organization, community integrated service network, ~~or~~ accountable provider network authorized and operating under chapter 62D, 62N, or 62T, or vendor of risk management services as defined in section 60A.23, subdivision 8, that participates in the demonstration project according to criteria, standards, methods, and other requirements established for the project and approved by the commissioner. For purposes of this section, a county board, or group of county boards operating under a joint powers agreement, is considered a demonstration provider if the county or group of county boards meets the requirements of section 256B.692. Notwithstanding the above, Itasca County may continue to participate as a demonstration provider until July 1, 2004.

(c) "Eligible individuals" means those persons eligible for medical assistance benefits as defined in sections 256B.055, 256B.056, and 256B.06.

(d) "Limitation of choice" means suspending freedom of choice while allowing eligible individuals to choose among the demonstration providers.

EFFECTIVE DATE. This section is effective for demonstration project years beginning on or after January 1, 2012.

Sec. 3. Minnesota Statutes 2010, section 256B.69, subdivision 5, is amended to read:

Subd. 5. **Prospective per capita payment.** The commissioner shall establish the method and amount of payments for services. The commissioner shall annually contract with demonstration providers to provide services consistent with these established methods and amounts for payment. The commissioner shall enter into contracts with one or more demonstration providers on the basis of a request for proposal process as defined in section 16C.02, subdivision 12. The commissioner need not enter into a contract with each entity that submits a proposal. The commissioner shall also provide services under the request for proposal process through a state-operated option.

If allowed by the commissioner, a demonstration provider may contract with an insurer, health care provider, nonprofit health service plan corporation, or the commissioner, to provide insurance or similar protection against the cost of care provided

by the demonstration provider or to provide coverage against the risks incurred by demonstration providers under this section. The recipients enrolled with a demonstration provider are a permissible group under group insurance laws and chapter 62C, the Nonprofit Health Service Plan Corporations Act. Under this type of contract, the insurer or corporation may make benefit payments to a demonstration provider for services rendered or to be rendered to a recipient. Any insurer or nonprofit health service plan corporation licensed to do business in this state is authorized to provide this insurance or similar protection.

Payments to providers participating in the project are exempt from the requirements of sections 256.966 and 256B.03, subdivision 2. The commissioner shall complete development of capitation rates for payments before delivery of services under this section is begun. For payments made during calendar year 1990 and later years, the commissioner shall contract with an independent actuary to establish prepayment rates.

By January 15, 1996, the commissioner shall report to the legislature on the methodology used to allocate to participating counties available administrative reimbursement for advocacy and enrollment costs. The report shall reflect the commissioner's judgment as to the adequacy of the funds made available and of the methodology for equitable distribution of the funds. The commissioner must involve participating counties in the development of the report.

Beginning July 1, 2004, the commissioner may include payments for elderly waiver services and 180 days of nursing home care in capitation payments for the prepaid medical assistance program for recipients age 65 and older. Payments for elderly waiver services shall be made no earlier than the month following the month in which services were received.

EFFECTIVE DATE. This section is effective for demonstration project years beginning on or after January 1, 2012.

Sec. 4. **REPEALER; MANDATORY HMO PARTICIPATION AS PROVIDER IN PUBLIC PROGRAMS.**

Minnesota Statutes 2010, section 62D.04, subdivision 5, is repealed effective January 1, 2012.

APPENDIX
Repealed Minnesota Statutes: H1166-1

62D.04 ISSUANCE OF CERTIFICATE AUTHORITY.

Subd. 5. **Participation; government programs.** Health maintenance organizations shall, as a condition of receiving and retaining a certificate of authority, participate in the medical assistance, general assistance medical care, and MinnesotaCare programs. A health maintenance organization is required to submit proposals in good faith that meet the requirements of the request for proposal provided that the requirements can be reasonably met by a health maintenance organization to serve individuals eligible for the above programs in a geographic region of the state if, at the time of publication of a request for proposal, the percentage of recipients in the public programs in the region who are enrolled in the health maintenance organization is less than the health maintenance organization's percentage of the total number of individuals enrolled in health maintenance organizations in the same region. Geographic regions shall be defined by the commissioner of human services in the request for proposals.