A bill for an act

relating to human services; establishing a MinnesotaCare defined contribution program; proposing coding for new law in Minnesota Statutes, chapter 256L.

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

Section 1. **[256L.031] DEFINED CONTRIBUTION PROGRAM.**

Subdivision 1. **Defined contributions to enrollees.** (a) Beginning January 1, 2011, or upon federal approval, whichever is later, the commissioner shall provide each MinnesotaCare enrollee eligible under section 256L.04 with gross family income that exceeds 133 percent of the federal poverty guidelines with a monthly defined contribution to purchase health coverage under a health plan as defined in section 62A.011, subdivision 3.

(b) Enrollees eligible under paragraph (a) are exempt from the insurance barriers specified in section 256L.07, subdivisions 2 and 3, shall not be charged premiums under section 256L.15, and are exempt from the managed care enrollment requirement of section 256L.12.

(c) Sections 256L.03 and 256L.05, subdivision 3, do not apply to enrollees eligible under paragraph (a). Covered services, cost-sharing, and the effective date of coverage for enrollees eligible under paragraph (a) shall be as provided under the terms of the health plan purchased by the enrollee.

Subd. 2. **Use of defined contribution.** An enrollee may use the monthly defined contribution only to pay premiums for coverage under a health plan as defined in section 62A.011, subdivision 3. The defined contribution may be used to pay the enrollee share of premiums for a health plan that is offered by an employer.

Subd. 3. **Determination of defined contribution amount.** (a) The commissioner shall determine the defined contribution sliding scale using the base contribution specified in paragraph (b) for the specified age ranges. The commissioner shall use a sliding scale for defined contributions that provides:

(1) persons with household incomes greater than 133 percent but not exceeding 134 percent of the federal poverty guidelines with a defined contribution of 150 percent of the base contribution;

(2) persons with household incomes at 175 percent of the federal poverty guidelines with a defined contribution of 100 percent of the base contribution;

(3) persons with household incomes at 275 percent of the federal poverty guidelines with a defined contribution of 80 percent of the base contribution; and

(4) persons with household incomes in evenly spaced increments between the percentages of the federal poverty guideline specified in clauses (1) to (3) with a base contribution that is a percentage extrapolated from the defined contribution percentages specified in clauses (1) to (3).

| Age | Monthly Per-Person Base Contribution |
|---|---|
| <18 | 103.29 |
| 18-29 | 122.79 |
| 30-31 | 129.19 |
| 32-33 | 132.38 |
| 34-35 | 134.31 |
| 36-37 | 136.06 |
| 38-39 | 141.02 |
| 40-41 | 151.25 |
| 42-43 | 159.89 |
| 44-45 | 175.08 |
| 46-47 | 191.71 |
| 48-49 | 213.13 |
| 50-51 | 239.51 |
| 52-53 | 266.69 |
| 54-55 | 293.88 |
| 56-57 | 323.77 |
| 58-59 | 341.20 |
| 60+ | 357.19 |

(b) The commissioner shall multiply the defined contribution percentages developed under paragraph (a) by 1.20 for enrollees who are denied coverage under an individual health plan by a health plan company, who do not have access to an employer-sponsored group plan, and who purchase coverage through the Minnesota Comprehensive Health Association.

Subd. 4. **Administration by commissioner.** The commissioner shall administer the defined contributions. The commissioner shall:

(1) calculate and process defined contributions for enrollees; and

(2) pay premiums to health plan companies, the Minnesota Comprehensive Health Association, or employers, as applicable, for enrollee health plan coverage, including any enrollee share of premiums.

Subd. 5. **Assistance to enrollees.** The commissioner of human services, in consultation with the commissioner of commerce, shall develop an efficient and cost-effective method of referring eligible applicants to professional insurance agent associations. Professional insurance agent associations are authorized to receive an appropriate per-member per-month override for each MinnesotaCare enrollee. The agent or broker shall elect a professional association of choice for each MinnesotaCare enrollee. Agents and brokers serving MinnesotaCare enrollees shall earn the standard commercial compensation fees for each policy placed, including MinnesotaCare enrollees receiving coverage through the Minnesota Comprehensive Health Association.

Subd. 6. **MCHA.** Beginning January 1, 2011, or upon federal approval, whichever is later, MinnesotaCare enrollees who are denied coverage under an individual health plan by a health plan company, and who do not have access to an employer-sponsored group plan, are eligible for coverage through a health plan offered by the Minnesota Comprehensive Health Association. Any incremental costs to the Minnesota Comprehensive Health Association related to implementation of this act shall be paid from the health care access fund.

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

Sec. 2. **MINNESOTACARE COVERAGE FOR LOWER-INCOME MINNESOTACARE ENROLLEES.**

The commissioner of human services shall develop and present to the legislature, by December 15, 2010, a plan to redesign service delivery for MinnesotaCare enrollees with incomes less than or equal to 133 percent of the federal poverty guidelines. The plan must be designed to improve continuity and quality of care, reduce unnecessary emergency room visits, and reduce average per-enrollee costs. In developing the plan, the commissioner shall consider innovative methods of service delivery, including but not limited to increasing the use and choice of private sector health plan coverage and encouraging the use of community health clinics, as defined in the federal Community Health Care Act of 1964, as health care homes.