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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 11

01/07/2021 Authored by Schultz; Olson, L.; Frazier; Noor; Koegel and others
The bill was read for the first time and referred to the Committee on Health Finance and Policy
01/28/2021 Adoption of Report: Amended and re-referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to health; creating a public option; expanding eligibility for MinnesotaCare;
1.3 modifying enrollee premiums; requiring an implementation plan and
1.4 recommendations for an alternative delivery and payment system; amending
1.5 Minnesota Statutes 2020, sections 256L.01, by adding a subdivision; 256L.04,
1.6 subdivisions 1c, 7a, 10, by adding a subdivision; 256L.07, subdivisions 1, 2;
1.7 256L.15, subdivision 2, by adding a subdivision.

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

1.9 Section 1. Minnesota Statutes 2020, section 256L.01, is amended by adding a subdivision
1.10 to read:

1.11 Subd. 3b. Full cost premium. "Full cost premium" means a base charge for one, two,
1.12 or three or more enrollees so that if all MinnesotaCare cases paid the full cost premium, the
1.13 total revenue would equal the cost of MinnesotaCare medical coverage. The full cost premium
1.14 for two enrollees shall be twice the full cost premium for one, and the full cost premium
1.15 for three or more enrollees shall be three times the full cost premium for one.

1.16 EFFECTIVE DATE. This section is effective January 1, 2023, or upon federal approval,
1.17 whichever is later, subject to certification under section 12.

1.18 Sec. 2. Minnesota Statutes 2020, section 256L.04, subdivision 1c, is amended to read:

1.19 Subd. 1c. General requirements. To be eligible for MinnesotaCare, a person must meet
1.20 the eligibility requirements of this section. A person eligible for MinnesotaCare with an
1.21 income less than or equal to 200 percent of the federal poverty guidelines shall not be
1.22 considered a qualified individual under section 1312 of the Affordable Care Act, and is not

2.1 eligible for enrollment in a qualified health plan offered through MNsure under chapter
2.2 62V.

2.3 **EFFECTIVE DATE.** This section is effective January 1, 2023, or upon federal approval,
2.4 whichever is later, subject to certification under section 12.

2.5 Sec. 3. Minnesota Statutes 2020, section 256L.04, subdivision 7a, is amended to read:

2.6 Subd. 7a. **Ineligibility.** Adults whose income is greater than the limits established under
2.7 this section may not enroll in the MinnesotaCare program, except as provided in subdivision
2.8 15 and section 256L.15, subdivision 5.

2.9 **EFFECTIVE DATE.** This section is effective January 1, 2023, or upon federal approval,
2.10 whichever is later, subject to certification under section 12.

2.11 Sec. 4. Minnesota Statutes 2020, section 256L.04, subdivision 10, is amended to read:

2.12 Subd. 10. **Citizenship requirements.** (a) Eligibility for MinnesotaCare is ~~limited~~
2.13 available to citizens or nationals of the United States ~~and~~, lawfully present noncitizens as
2.14 defined in Code of Federal Regulations, title 8, section 103.12-, and undocumented
2.15 noncitizens ~~are ineligible for MinnesotaCare~~. For purposes of this subdivision, an
2.16 undocumented noncitizen is an individual who resides in the United States without the
2.17 approval or acquiescence of the United States Citizenship and Immigration Services. Families
2.18 with children who are citizens or nationals of the United States must cooperate in obtaining
2.19 satisfactory documentary evidence of citizenship or nationality according to the requirements
2.20 of the federal Deficit Reduction Act of 2005, Public Law 109-171.

2.21 (b) Notwithstanding subdivisions 1 and 7, eligible persons include families and
2.22 individuals who are lawfully present and ineligible for medical assistance by reason of
2.23 immigration status and who have incomes equal to or less than 200 percent of federal poverty
2.24 guidelines.

2.25 **EFFECTIVE DATE.** This section is effective January 1, 2022.

2.26 Sec. 5. Minnesota Statutes 2020, section 256L.04, is amended by adding a subdivision to
2.27 read:

2.28 Subd. 15. **Persons eligible for public option.** Families and individuals with income
2.29 above the maximum income eligibility limit specified in subdivision 1 or 7, who meet all
2.30 other MinnesotaCare eligibility requirements, are eligible for MinnesotaCare. All other
2.31 provisions of this chapter apply unless otherwise specified.

3.1 **EFFECTIVE DATE.** This section is effective January 1, 2023, or upon federal approval,
3.2 whichever is later, subject to certification under section 12.

3.3 Sec. 6. Minnesota Statutes 2020, section 256L.07, subdivision 1, is amended to read:

3.4 Subdivision 1. **General requirements.** Individuals enrolled in MinnesotaCare under
3.5 section 256L.04, subdivision 1, and individuals enrolled in MinnesotaCare under section
3.6 256L.04, subdivision 7, whose income increases above 200 percent of the federal poverty
3.7 guidelines, are no longer eligible for the program and shall be disenrolled by the
3.8 commissioner, unless they continue MinnesotaCare enrollment through the public option
3.9 under section 256L.04, subdivision 15, or receive an employer contribution toward
3.10 MinnesotaCare premiums under section 256L.15, subdivision 5. For persons disenrolled
3.11 under this subdivision, MinnesotaCare coverage terminates the last day of the calendar
3.12 month in which the commissioner sends advance notice according to Code of Federal
3.13 Regulations, title 42, section 431.211, that indicates the income of a family or individual
3.14 exceeds program income limits.

3.15 **EFFECTIVE DATE.** This section is effective January 1, 2023, or upon federal approval,
3.16 whichever is later, subject to certification under section 12.

3.17 Sec. 7. Minnesota Statutes 2020, section 256L.07, subdivision 2, is amended to read:

3.18 Subd. 2. **Must not have access to employer-subsidized minimum essential**
3.19 **coverage.** (a) To be eligible, a family or individual must not have access to subsidized health
3.20 coverage that is affordable and provides minimum value as defined in Code of Federal
3.21 Regulations, title 26, section 1.36B-2.

3.22 (b) Notwithstanding paragraph (a), an individual who has access to subsidized health
3.23 coverage through a spouse's or parent's employer that is deemed minimum essential coverage
3.24 under Code of Federal Regulations, title 26, section 1.36B-2, is eligible for MinnesotaCare
3.25 if the portion of the annual premium the employee pays for employee and dependent coverage
3.26 exceeds the required contribution percentage as described in Code of Federal Regulations,
3.27 title 26, section 1.36B-2.

3.28 (c) This subdivision does not apply to a family or individual who: (1) no longer has
3.29 employer-subsidized coverage due to the employer terminating health care coverage as an
3.30 employee benefit; or (2) receives an employer contribution toward MinnesotaCare premiums
3.31 under section 256L.15, subdivision 5.

3.32 **EFFECTIVE DATE.** This section is effective January 1, 2022.

4.1 Sec. 8. Minnesota Statutes 2020, section 256L.15, subdivision 2, is amended to read:

4.2 Subd. 2. **Sliding fee scale; monthly individual or family income.** (a) The commissioner
 4.3 shall establish a sliding fee scale to determine the percentage of monthly individual or family
 4.4 income that households at different income levels must pay to obtain coverage through the
 4.5 MinnesotaCare program. The sliding fee scale must be based on the enrollee's monthly
 4.6 individual or family income.

4.7 (b) Beginning January 1, 2014, through December 31, 2022, MinnesotaCare enrollees
 4.8 shall pay premiums according to the premium scale specified in paragraph (d).

4.9 (c) Paragraph (b) does not apply to:

4.10 (1) children 20 years of age or younger; and

4.11 (2) individuals with household incomes below 35 percent of the federal poverty
 4.12 guidelines.

4.13 (d) The following premium scale is established for each individual in the household who
 4.14 is 21 years of age or older and enrolled in MinnesotaCare:

	Federal Poverty Guideline Greater than or Equal to	Less than	Individual Premium Amount
4.15	35%	55%	\$4
4.16			
4.17	55%	80%	\$6
4.18	80%	90%	\$8
4.19	90%	100%	\$10
4.20	100%	110%	\$12
4.21	110%	120%	\$14
4.22	120%	130%	\$15
4.23	130%	140%	\$16
4.24	140%	150%	\$25
4.25	150%	160%	\$37
4.26	160%	170%	\$44
4.27	170%	180%	\$52
4.28	180%	190%	\$61
4.29	190%	200%	\$71
4.30	200%		\$80
4.31			

4.32 (e) Effective January 1, 2023, MinnesotaCare enrollees enrolled under section 256L.04,
 4.33 subdivision 1 or 7, shall pay premiums according to the premium scale specified in paragraph

4.34 (g). The following persons are exempt from paying premiums under paragraph (g):

5.1 (1) persons 20 years of age or younger, with incomes not exceeding 200 percent of the
 5.2 federal poverty guidelines; and

5.3 (2) individuals with household incomes below 35 percent of the federal poverty
 5.4 guidelines.

5.5 (f) Beginning January 1, 2023, persons eligible through the public option under section
 5.6 256L.04, subdivision 15, with household incomes not exceeding 400 percent of the federal
 5.7 poverty guidelines, shall pay premiums according to the premium scale specified in paragraph

5.8 (g). Persons 20 years of age or younger, with incomes not exceeding 275 percent of the
 5.9 federal poverty guidelines, are exempt from paying premiums under paragraph (g).

5.10 (g) Per-person premium scale for households, effective January 1, 2023:

	<u>Federal Poverty Guideline</u>	<u>Federal Poverty Guideline</u>	<u>Per-Person Premium Amount</u>
	<u>Percentage Greater than or</u>	<u>Percentage Less than or Equal</u>	
	<u>Equal to</u>	<u>to</u>	
5.14	<u>0</u>	<u>34</u>	<u>\$0</u>
5.15	<u>35</u>	<u>54</u>	<u>\$4</u>
5.16	<u>55</u>	<u>79</u>	<u>\$6</u>
5.17	<u>80</u>	<u>89</u>	<u>\$8</u>
5.18	<u>90</u>	<u>99</u>	<u>\$10</u>
5.19	<u>100</u>	<u>109</u>	<u>\$12</u>
5.20	<u>110</u>	<u>119</u>	<u>\$14</u>
5.21	<u>120</u>	<u>129</u>	<u>\$15</u>
5.22	<u>130</u>	<u>139</u>	<u>\$16</u>
5.23	<u>140</u>	<u>149</u>	<u>\$25</u>
5.24	<u>150</u>	<u>159</u>	<u>\$37</u>
5.25	<u>160</u>	<u>169</u>	<u>\$44</u>
5.26	<u>170</u>	<u>179</u>	<u>\$52</u>
5.27	<u>180</u>	<u>189</u>	<u>\$61</u>
5.28	<u>190</u>	<u>199</u>	<u>\$71</u>
5.29	<u>200</u>	<u>200</u>	<u>\$80</u>
5.30	<u>201</u>	<u>209</u>	<u>\$91</u>
5.31	<u>210</u>	<u>219</u>	<u>\$101</u>
5.32	<u>220</u>	<u>229</u>	<u>\$111</u>
5.33	<u>230</u>	<u>239</u>	<u>\$122</u>
5.34	<u>240</u>	<u>249</u>	<u>\$134</u>
5.35	<u>250</u>	<u>259</u>	<u>\$146</u>
5.36	<u>260</u>	<u>269</u>	<u>\$157</u>
5.37	<u>270</u>	<u>279</u>	<u>\$169</u>

6.1	<u>280</u>	<u>289</u>	<u>\$181</u>
6.2	<u>290</u>	<u>299</u>	<u>\$193</u>
6.3	<u>300</u>	<u>309</u>	<u>\$206</u>
6.4	<u>310</u>	<u>319</u>	<u>\$213</u>
6.5	<u>320</u>	<u>329</u>	<u>\$220</u>
6.6	<u>330</u>	<u>339</u>	<u>\$227</u>
6.7	<u>340</u>	<u>349</u>	<u>\$234</u>
6.8	<u>350</u>	<u>359</u>	<u>\$241</u>
6.9	<u>360</u>	<u>369</u>	<u>\$248</u>
6.10	<u>370</u>	<u>379</u>	<u>\$254</u>
6.11	<u>380</u>	<u>389</u>	<u>\$261</u>
6.12	<u>390</u>	<u>399</u>	<u>\$268</u>
6.13	<u>400</u>		<u>\$275</u>

6.14 Premiums under this paragraph are charged on a per-person basis, except that the total
 6.15 premium for households with two or more eligible persons shall not exceed the calendar
 6.16 year's applicable percentage value specified for the household's income that does not exceed
 6.17 400 percent of the federal poverty guidelines as used for advance premium tax credits under
 6.18 United States Code, title 26, section 36B(b)(3)(A)(i), as indexed according to item (ii) of
 6.19 that section.

6.20 (h) Beginning January 1, 2023, for persons eligible through the public option under
 6.21 section 256L.04, subdivision 15, with household incomes greater than 400 percent of the
 6.22 federal poverty guidelines but not exceeding 500 percent of the federal poverty guidelines,
 6.23 the per-person premium shall be the full cost premium.

6.24 (i) Beginning January 1, 2023, for persons eligible through the public option under
 6.25 section 256L.04, subdivision 15, with household incomes greater than 500 percent of the
 6.26 federal poverty guidelines, the per-household premium shall be the highest of:

6.27 (1) the required contribution percentage specified for the current calendar year used for
 6.28 advance premium tax credits eligibility under United States Code, title 26, section
 6.29 36B(c)(2)(C)(i)(II), as indexed according to item (iv) of that section; or

6.30 (2) 125 percent of the average of gold-level plan premiums for qualified health plan
 6.31 coverage through MNsure for covered household members.

6.32 **EFFECTIVE DATE.** This section is effective January 1, 2023, or upon federal approval,
 6.33 whichever is later, subject to certification under section 12.

7.1 Sec. 9. Minnesota Statutes 2020, section 256L.15, is amended by adding a subdivision to
7.2 read:

7.3 Subd. 5. **Small employer public option.** (a) An employer with 50 or fewer employees
7.4 may pay to the commissioner, as an employer contribution to employee health care costs,
7.5 an amount up to the portion of an enrollee's MinnesotaCare premium for which the enrollee
7.6 is financially responsible. The commissioner shall set premiums for employees for whom
7.7 an employer makes a payment under this subdivision at the full cost premium. The
7.8 commissioner shall establish a minimum employer contribution under this subdivision
7.9 toward employee premiums.

7.10 (b) An enrollee is eligible for MinnesotaCare under this subdivision without regard to
7.11 any program income limit.

7.12 (c) The commissioner shall establish a procedure through which employers can pay
7.13 premium contributions for employees directly to the commissioner on an aggregate, monthly
7.14 basis.

7.15 **EFFECTIVE DATE.** This section is effective January 1, 2023, or upon federal approval,
7.16 whichever is later, subject to certification under section 12.

7.17 Sec. 10. **TRANSITION TO MINNESOTACARE PUBLIC OPTION.**

7.18 (a) The commissioner of human services shall continue to administer MinnesotaCare
7.19 as a basic health program in accordance with Minnesota Statutes, section 256L.02,
7.20 subdivision 5, and shall seek federal waivers, approvals, and law changes as required under
7.21 section 11.

7.22 (b) The commissioner shall present an implementation plan for the MinnesotaCare public
7.23 option under Minnesota Statutes, section 256L.04, subdivision 15, to the chairs and ranking
7.24 minority members of the legislative committees with jurisdiction over health care policy
7.25 and finance by December 15, 2021. The plan must include:

7.26 (1) recommendations for any changes to the MinnesotaCare public option necessary to
7.27 continue federal basic health program funding or to receive other federal funding;

7.28 (2) recommendations for implementing Minnesota Statutes, section 256L.15, subdivision
7.29 5, in a manner that would allow any employee premium contributions to be pretax and allow
7.30 any employer contribution toward employee premiums to not be considered taxable income
7.31 for the employee;

8.1 (3) recommendations for increasing MinnesotaCare provider enrollment, including an
8.2 analysis of the feasibility of requiring participation in MinnesotaCare as a condition for
8.3 state licensure;

8.4 (4) estimates of state costs related to the MinnesotaCare public option; and

8.5 (5) draft legislation that includes any additional policy and conforming changes necessary
8.6 to implement the MinnesotaCare public option and the implementation plan
8.7 recommendations.

8.8 (c) The commissioner shall present to the chairs and ranking minority members of the
8.9 legislative committees with jurisdiction over health care policy and finance by January 15,
8.10 2023, recommendations for an alternative service delivery and payment system for
8.11 MinnesotaCare. The recommendations must address:

8.12 (1) terminating managed care and county-based purchasing plan contracts under
8.13 Minnesota Statutes, sections 256L.12 and 256L.121, effective January 1, 2025;

8.14 (2) delivering services beginning January 1, 2025, to MinnesotaCare enrollees eligible
8.15 under Minnesota Statutes, section 256L.04, subdivisions 1, 7, and 15, through alternative
8.16 delivery methods that may include but are not limited to expanding the use of integrated
8.17 health partnerships under Minnesota Statutes, section 256B.0755, and delivering care under
8.18 fee-for-service through a primary care case management system; and

8.19 (3) reimbursing providers for high-quality, value-based care at levels sufficient to increase
8.20 enrollee access to care, address racial and geographic inequities in the delivery of health
8.21 care, and incentivize preventive care and other best practices.

8.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.23 **Sec. 11. REQUEST FOR FEDERAL APPROVAL.**

8.24 (a) The commissioner of human services shall seek any federal waivers, approvals, and
8.25 law changes necessary to implement this act, including but not limited to those waivers,
8.26 approvals, and law changes necessary to allow:

8.27 (1) the state to continue to receive federal basic health program payments for basic health
8.28 program-eligible MinnesotaCare enrollees and to receive other federal funding for the
8.29 MinnesotaCare public option; and

8.30 (2) the state to receive federal payments equal to the value of advance premium tax
8.31 credits and cost-sharing reductions that MinnesotaCare enrollees with household incomes
8.32 greater than 200 percent of the federal poverty guidelines would otherwise have received.

9.1 (b) In implementing this section, the commissioner of human services shall consult with
9.2 the commissioner of commerce and the board of directors of MNsure, and may contract for
9.3 technical and actuarial assistance.

9.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.5 Sec. 12. **CONTINGENT EFFECTIVE DATE.**

9.6 Sections 1, 2, 3, 5, 6, 8, and 9 are effective January 1, 2023, or upon federal approval,
9.7 whichever is later, but only if the commissioner of human services certifies to the legislature
9.8 that implementation of those sections will not result in the loss of federal basic health
9.9 program funding for MinnesotaCare enrollees with incomes not exceeding 200 percent of
9.10 the federal poverty guidelines.