

SENATE

STATE OF MINNESOTA

EIGHTY-EIGHTH LEGISLATURE

S.F. No. 1219

(SENATE AUTHORS: MARTY, Lourey, Sheran, Nienow and Hoffman)

DATE	D-PG	OFFICIAL STATUS
03/11/2013	767	Introduction and first reading Referred to Health, Human Services and Housing

A bill for an act  
relating to human services; limiting the expenses that can be allocated as  
administrative for purposes of medical assistance rate setting; amending  
Minnesota Statutes 2012, section 256B.69, subdivision 5i.  
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2012, section 256B.69, subdivision 5i, is amended to read:

Subd. 5i. **Administrative expenses.** (a) Managed care plan and county-based  
purchasing plan administrative costs for a prepaid health plan provided under this section  
or section 256B.692 must not exceed by more than five percent that prepaid health plan's  
or county-based purchasing plan's actual calculated administrative spending for the  
previous calendar year as a percentage of total revenue. The penalty for exceeding this  
limit must be the amount of administrative spending in excess of 105 percent of the actual  
calculated amount. The commissioner may waive this penalty if the excess administrative  
spending is the result of unexpected shifts in enrollment or member needs or new program  
requirements.

~~(b) Expenses listed under section 62D.12, subdivision 9a, clause (4), are not  
allowable administrative expenses for rate-setting purposes under this section, unless  
approved by the commissioner.~~ The following expenses are not allowable administrative  
expenses for rate-setting purposes under this section:

- (1) charitable contributions made by the managed care plan;
- (2) administrative expenses above an amount proportional to the percentage of the  
plan's state public health program revenue;
- (3) any marketing or advertising expenses; and
- (4) any expenses associated with lobbying public officials.