

1.1 A bill for an act

1.2 relating to human services; creating a withhold to managed care plan payments  
1.3 for prepaid medical assistance and general assistance medical care; amending  
1.4 Minnesota Statutes 2008, sections 256B.69, subdivision 5a; 256L.12, subdivision  
1.5 9.

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

1.7 Section 1. Minnesota Statutes 2008, section 256B.69, subdivision 5a, is amended to  
1.8 read:

1.9 Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section  
1.10 and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year  
1.11 basis beginning January 1, 1996. Managed care contracts which were in effect on June  
1.12 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995  
1.13 through December 31, 1995 at the same terms that were in effect on June 30, 1995. The  
1.14 commissioner may issue separate contracts with requirements specific to services to  
1.15 medical assistance recipients age 65 and older.

1.16 (b) A prepaid health plan providing covered health services for eligible persons  
1.17 pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms  
1.18 of its contract with the commissioner. Requirements applicable to managed care programs  
1.19 under chapters 256B, 256D, and 256L, established after the effective date of a contract  
1.20 with the commissioner take effect when the contract is next issued or renewed.

1.21 (c) Effective for services rendered on or after January 1, 2003, the commissioner shall  
1.22 withhold five percent of managed care plan payments under this section and county-based  
1.23 purchasing plan's payment rate under section 256B.692 for the prepaid medical assistance  
1.24 and general assistance medical care programs pending completion of performance targets.  
1.25 Each performance target must be quantifiable, objective, measurable, and reasonably

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2.1 attainable, except in the case of a performance target based on a federal or state law or rule.  
2.2 Criteria for assessment of each performance target must be outlined in writing prior to the  
2.3 contract effective date. The managed care plan must demonstrate, to the commissioner's  
2.4 satisfaction, that the data submitted regarding attainment of the performance target is  
2.5 accurate. The commissioner shall periodically change the administrative measures used  
2.6 as performance targets in order to improve plan performance across a broader range of  
2.7 administrative services. The performance targets must include measurement of plan  
2.8 efforts to contain spending on health care services and administrative activities. The  
2.9 commissioner may adopt plan-specific performance targets that take into account factors  
2.10 affecting only one plan, including characteristics of the plan's enrollee population. The  
2.11 withheld funds must be returned no sooner than July of the following year if performance  
2.12 targets in the contract are achieved. The commissioner may exclude special demonstration  
2.13 projects under subdivision 23. ~~A managed care plan or a county-based purchasing plan~~  
2.14 ~~under section 256B.692 may include as admitted assets under section 62D.044 any amount~~  
2.15 ~~withheld under this paragraph that is reasonably expected to be returned.~~

2.16 (d)(1) Effective for services rendered on or after January 1, 2009, the commissioner  
2.17 shall withhold three percent of managed care plan payments under this section and  
2.18 county-based purchasing plan payments under section 256B.692 for the prepaid medical  
2.19 assistance and general assistance medical care programs. The withheld funds must be  
2.20 returned no sooner than July 1 and no later than July 31 of the following year. The  
2.21 commissioner may exclude special demonstration projects under subdivision 23.

2.22 ~~(2) A managed care plan or a county-based purchasing plan under section 256B.692~~  
2.23 ~~may include as admitted assets under section 62D.044 any amount withheld under~~  
2.24 ~~this paragraph.~~ The return of the withhold under this paragraph is not subject to the  
2.25 requirements of paragraph (c).

2.26 (e) Effective for services rendered on or after January 1, 2010, the commissioner  
2.27 shall include as part of the performance targets described in paragraph (a) a reduction in  
2.28 the health plan's emergency room utilization rate for state health care program enrollees  
2.29 by a measurable rate of five percent from the plan's utilization rate for state health care  
2.30 program enrollees for the previous calendar year.

2.31 The withheld funds must be returned no sooner than July 1 and no later than July  
2.32 31 of the following calendar year if the managed care plan or county-based purchasing  
2.33 plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization  
2.34 rate was achieved.

2.35 The withhold described in this paragraph shall continue for each consecutive  
2.36 contract period until the health plan's emergency room utilization rate for state health care

3.1 program enrollees is reduced by 25 percent of the health plan's emergency room utilization  
3.2 rate for state health care program enrollees for calendar year 2008.

3.3 (f) A managed care plan or a county-based purchasing plan under section 256B.692  
3.4 may include as admitted assets under section 62D.044 any amount withheld under this  
3.5 section that is reasonably expected to be returned.

3.6 Sec. 2. Minnesota Statutes 2008, section 256L.12, subdivision 9, is amended to read:

3.7 Subd. 9. **Rate setting; performance withholds.** (a) Rates will be prospective,  
3.8 per capita, where possible. The commissioner may allow health plans to arrange for  
3.9 inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with  
3.10 an independent actuary to determine appropriate rates.

3.11 ~~(b) For services rendered on or after January 1, 2003, to December 31, 2003, the~~  
3.12 ~~commissioner shall withhold .5 percent of managed care plan payments under this section~~  
3.13 ~~pending completion of performance targets. The withheld funds must be returned no~~  
3.14 ~~sooner than July 1 and no later than July 31 of the following year if performance targets~~  
3.15 ~~in the contract are achieved. A managed care plan may include as admitted assets under~~  
3.16 ~~section 62D.044 any amount withheld under this paragraph that is reasonably expected~~  
3.17 ~~to be returned.~~

3.18 ~~(e)~~ (b) For services rendered on or after January 1, 2004, the commissioner shall  
3.19 withhold five percent of managed care plan payments and county-based purchasing  
3.20 plan payments under this section pending completion of performance targets. Each  
3.21 performance target must be quantifiable, objective, measurable, and reasonably attainable,  
3.22 except in the case of a performance target based on a federal or state law or rule. Criteria  
3.23 for assessment of each performance target must be outlined in writing prior to the  
3.24 contract effective date. The managed care plan must demonstrate, to the commissioner's  
3.25 satisfaction, that the data submitted regarding attainment of the performance target is  
3.26 accurate. The commissioner shall periodically change the administrative measures used  
3.27 as performance targets in order to improve plan performance across a broader range of  
3.28 administrative services. The performance targets must include measurement of plan  
3.29 efforts to contain spending on health care services and administrative activities. The  
3.30 commissioner may adopt plan-specific performance targets that take into account factors  
3.31 affecting only one plan, such as characteristics of the plan's enrollee population. The  
3.32 withheld funds must be returned no sooner than July 1 and no later than July 31 of the  
3.33 following calendar year if performance targets in the contract are achieved. ~~A managed~~  
3.34 ~~care plan or a county-based purchasing plan under section 256B.692 may include as~~

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4.1 ~~admitted assets under section 62D.044 any amount withheld under this paragraph that is~~  
4.2 ~~reasonably expected to be returned.~~

4.3 (c) Effective for services rendered on or after January 1, 2010, the commissioner  
4.4 shall include as part of the performance targets described in paragraph (b) a reduction in  
4.5 the plan's emergency room utilization rate for state health care program enrollees by a  
4.6 measurable rate of five percent from the plan's utilization rate for the previous calendar  
4.7 year.

4.8 The withheld funds must be returned no sooner than July 1 and no later than July  
4.9 31 of the following calendar year if the managed care plan or county-based purchasing  
4.10 plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization  
4.11 rate was achieved.

4.12 The withhold described in this paragraph shall continue for each consecutive  
4.13 contract period until the health plan's emergency room utilization rate for state health care  
4.14 program enrollees is reduced by 25 percent of the health plan's emergency room utilization  
4.15 rate for state health care program enrollees for calendar year 2008.

4.16 (d) A managed care plan or a county-based purchasing plan under section 256B.692  
4.17 may include as admitted assets under section 62D.044 any amount withheld under this  
4.18 section that is reasonably expected to be returned.