

SENATE
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NINETY-THIRD SESSION

S.F. No. 196

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DATE	D-PG	OFFICIAL STATUS
01/12/2023	166	Introduction and first reading Referred to Health and Human Services

- 1.1 A bill for an act
- 1.2 relating to health care; creating a Minnesota advance premium tax credit and cost
- 1.3 sharing subsidies for eligible individuals who enroll in an eligible qualified health
- 1.4 plan through MNsure; amending Minnesota Statutes 2022, section 62V.05,
- 1.5 subdivision 1, by adding subdivisions; proposing coding for new law in Minnesota
- 1.6 Statutes, chapter 290.
- 1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.8 Section 1. Minnesota Statutes 2022, section 62V.05, subdivision 1, is amended to read:
- 1.9 Subdivision 1. **General.** (a) The board shall operate MNsure according to this chapter
- 1.10 and applicable state and federal law.
- 1.11 (b) The board has the power to:
- 1.12 (1) employ personnel and delegate administrative, operational, and other responsibilities
- 1.13 to the director and other personnel as deemed appropriate by the board. This authority is
- 1.14 subject to chapters 43A and 179A. The director and managerial staff of MNsure shall serve
- 1.15 in the unclassified service and shall be governed by a compensation plan prepared by the
- 1.16 board, submitted to the commissioner of management and budget for review and comment
- 1.17 within 14 days of its receipt, and approved by the Legislative Coordinating Commission
- 1.18 and the legislature under section 3.855, except that section 15A.0815, subdivision 5,
- 1.19 paragraph (e), shall not apply;
- 1.20 (2) establish the budget of MNsure;
- 1.21 (3) seek and accept money, grants, loans, donations, materials, services, or advertising
- 1.22 revenue from government agencies, philanthropic organizations, and public and private

2.1 sources to fund the operation of MNsure. No health carrier or insurance producer shall
2.2 advertise on MNsure;

2.3 (4) contract for the receipt and provision of goods and services;

2.4 (5) enter into information-sharing agreements with federal and state agencies and other
2.5 entities, provided the agreements include adequate protections with respect to the
2.6 confidentiality and integrity of the information to be shared, and comply with all applicable
2.7 state and federal laws, regulations, and rules, including the requirements of section 62V.06;
2.8 and

2.9 (6) exercise all powers reasonably necessary to implement and administer the
2.10 requirements of this chapter, section 290.0687, and the Affordable Care Act, Public Law
2.11 111-148.

2.12 (c) The board shall establish policies and procedures to gather public comment and
2.13 provide public notice in the State Register.

2.14 (d) Within 180 days of enactment, the board shall establish bylaws, policies, and
2.15 procedures governing the operations of MNsure in accordance with this chapter.

2.16 Sec. 2. Minnesota Statutes 2022, section 62V.05, is amended by adding a subdivision to
2.17 read:

2.18 Subd. 13. Administration of Minnesota advance premium tax credits. (a) In addition
2.19 to the requirements under federal law, MNsure, in consultation with the commissioner of
2.20 revenue, shall establish and administer procedures to determine whether an individual is
2.21 eligible for Minnesota advance premium tax credits in accordance with section 290.0687.
2.22 If an individual is determined to be eligible, MNsure shall notify the individual of the amount
2.23 of the Minnesota advance premium tax credit and transmit eligibility and enrollment
2.24 information to the commissioner of revenue, including the individual's name, taxpayer
2.25 identification number, the dollar amount of the advance payment, and any other information
2.26 necessary to administer the Minnesota advance premium tax credit. The procedures must
2.27 also include provisions that take into account changes in an individual's circumstances that
2.28 may affect eligibility, including but not limited to substantial changes in income, household
2.29 size, or other tax household circumstances, employer coverage, change in filing status, or
2.30 change in Minnesota residency status.

2.31 (b) A health carrier that receives a Minnesota advance premium tax credit payment from
2.32 the commissioner of revenue for an individual in accordance with section 290.0687,
2.33 subdivision 3, must reduce the monthly premium charged to the individual by the amount

3.1 of the advance payment for that coverage month. The health carrier shall include in each
3.2 premium billing statement the amount by which the premium for the qualified health plan
3.3 was reduced due to the advance payment received by the health carrier from the commissioner
3.4 of revenue for that enrollee.

3.5 Sec. 3. Minnesota Statutes 2022, section 62V.05, is amended by adding a subdivision to
3.6 read:

3.7 Subd. 14. **Administration of Minnesota cost sharing reductions.** (a) The board, in
3.8 consultation with the commissioner of revenue, shall establish and administer state-based
3.9 cost sharing subsidies to reduce the out-of-pocket costs for eligible individuals.

3.10 (b) To be eligible for state-based cost sharing subsidies under this subdivision, an
3.11 individual must:

3.12 (1) enroll in a qualified health plan at the silver level of coverage that is offered through
3.13 MNsure;

3.14 (2) have a projected annual household income that exceeds 200 percent of federal poverty
3.15 guidelines but is no greater than 500 percent of the federal poverty guidelines for the family
3.16 size involved;

3.17 (3) be a Minnesota resident;

3.18 (4) not have access to employer subsidized minimum essential coverage that is affordable
3.19 and provides minimum value as defined in Code of Federal Regulations, title 26, section
3.20 1.36B-2, or the American Rescue Plan Act of 2021, and not to be enrolled in other minimum
3.21 essential health coverage as defined by section 5000A(f) of the Internal Revenue Code; and

3.22 (5) meet all eligibility criteria for premium tax credits under Code of Federal Regulations,
3.23 title 26, section 1.36B-2, with the exception of section 1.36B-2(b)(1).

3.24 (c) The board shall establish procedures to notify a health carrier that an eligible individual
3.25 has enrolled in a qualified health plan offered by the health carrier through MNsure. Upon
3.26 notification, the health carrier shall reduce the cost sharing of the qualified health plan in
3.27 such a manner that increases the health plan's share of the total allowed costs of benefits
3.28 provided under the health plan to 87 percent of such costs. The state based cost-sharing
3.29 reduction is in addition to any federal cost-sharing reduction an eligible individual is entitled
3.30 to under section 1412 of the Affordable Care Act, Public Law 111-148.

3.31 (d) A health carrier that makes these cost sharing reductions shall notify the commissioner
3.32 of revenue of the reduction. The commissioner shall make periodic and timely payments

4.1 to the health carrier that are equal to the value of the reductions. The commissioner may
4.2 establish a capitated payment system to carry out the payment of the cost sharing reductions.
4.3 Any such system must take into account the value of the reductions and make appropriate
4.4 risk adjustments to the payments.

4.5 **Sec. 4. [290.0687] MINNESOTA ADVANCE PREMIUM TAX CREDIT.**

4.6 Subdivision 1. **Credit allowed.** A qualified taxpayer who is a resident of Minnesota is
4.7 allowed a Minnesota advance premium tax credit against the tax imposed under this chapter.
4.8 The credit equals the difference between the premium assistance credit and the Minnesota
4.9 premium assistance credit amount. For a part-year resident, the credit must be allocated
4.10 based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

4.11 Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

4.12 (b) "Qualified taxpayer" means an applicable taxpayer, as defined under section 36B(c)(1)
4.13 of the Internal Revenue Code, without regard to the expiration of section 36B(c)(1)(E).

4.14 (c) "Premium assistance credit" means the credit calculated under section 36B(b) of the
4.15 Internal Revenue Code, except that the percentages under section 36B(b)(3)(A)(iii) apply
4.16 to the calculation of the credit under this section without regard to expiration of section
4.17 36B(b)(3)(A)(iii).

4.18 (d) "Minnesota premium assistance credit amount" means the sum of Minnesota premium
4.19 assistance amounts for all months of the taxable year in which the taxpayer was covered by
4.20 a qualified health plan.

4.21 (e) "Minnesota premium assistance amount" means the lesser of:

4.22 (1) the monthly premiums for each month for one or more qualified health plans offered
4.23 through MNsure that cover the taxpayer, the taxpayer's spouse, or any dependent of the
4.24 taxpayer and that were enrolled in through MNsure; or

4.25 (2) the excess, if any, of:

4.26 (i) the adjusted monthly premium for each month for the applicable second lowest cost
4.27 silver plan offered with respect to the taxpayer; over

4.28 (ii) an amount equal to 1/12 of the product of the applicable percentage under section
4.29 36B(b)(3)(A)(i) of the Internal Revenue Code, and the taxpayer's projected annual household
4.30 income for the taxable year, except that household income must not be less than 200 percent
4.31 of the poverty line and must not exceed 800 percent of the poverty line, and the applicable
4.32 percentage for households with income above 400 percent of the poverty line must equal

5.1 the applicable percentage for households with income equaling 400 percent of the poverty
5.2 line.

5.3 (f) "Family size," "household income," and "poverty line" have the meanings given in
5.4 section 36B(d) of the Internal Revenue Code.

5.5 (g) "Dependent" has the meaning given in section 152 of the Internal Revenue Code.

5.6 (h) "MNsure" has the meaning given in section 62V.02, subdivision 8.

5.7 (i) "Qualified health plan" has the meaning given in section 62V.02, subdivision 11.

5.8 (j) "Health carrier" has the meaning given in section 62V.02, subdivision 5.

5.9 Subd. 3. **Advance determination of eligibility; advance payments.** The commissioner,
5.10 in consultation with MNsure and based on the information received from MNsure under
5.11 section 62V.05, subdivision 13, shall make advance payment of the Minnesota advance
5.12 premium tax credit allowed under this section to the health carrier that issued the qualified
5.13 health plan in which a qualified taxpayer is enrolled for the purpose of reducing the qualified
5.14 taxpayer's premiums for the qualified health plan by the amount of the credit. The advanced
5.15 payment amount of the credit under this section is in addition to the advance credit payment
5.16 paid by the secretary of treasury under section 36B(b) of the Internal Revenue Code.

5.17 Subd. 4. **Reconciliation of advance payments and credit.** (a) The Minnesota premium
5.18 assistance credit under this section is reduced by the amount of advanced payments made
5.19 to the issuer of a qualified plan on behalf of a qualified taxpayer. If advance payments
5.20 exceed the amount of the Minnesota advance premium tax credit allowed under this section,
5.21 the excess amount must be added to the qualified taxpayer's tax liability as calculated under
5.22 this chapter. A refund due to the qualified taxpayer under any other credits in this chapter
5.23 must be reduced by the amount of excess advance payments made on behalf of the taxpayer
5.24 in a taxable year.

5.25 (b) The provisions of section 36B(f)(2)(B) of the Internal Revenue Code apply for
5.26 purposes of calculating excess advance payments of the Minnesota advance premium tax
5.27 credit under this section.

5.28 Subd. 5. **Credit refundable.** Subject to the provisions of subdivisions 3 and 4, if the
5.29 amount of the Minnesota premium assistance credit that a qualified taxpayer is allowed
5.30 under this section exceeds the qualified taxpayer's tax liability under this chapter, the
5.31 commissioner shall refund the excess to the qualified taxpayer.

6.1 Subd. 6. **Appropriation.** An amount sufficient to pay the advance payments authorized
6.2 under subdivision 3 and refunds authorized under subdivision 5 is appropriated to the
6.3 commissioner from the general fund.

6.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.5 31, 2023.