

1.1 moves to amend H.F. No. 2294, the delete everything amendment
1.2 (H2294DE2), as follows:

1.3 Page 4, after line 31, insert:

1.4 "Sec. 6. Minnesota Statutes 2011 Supplement, section 256B.69, subdivision 5a,
1.5 is amended to read:

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

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

1.18 (c) Effective for services rendered on or after January 1, 2003, the commissioner
1.19 shall withhold five percent of managed care plan payments under this section and
1.20 county-based purchasing plan payments under section 256B.692 for the prepaid medical
1.21 assistance program pending completion of performance targets. Each performance
1.22 target must be quantifiable, objective, measurable, and reasonably attainable, except
1.23 in the case of a performance target based on a federal or state law or rule. Criteria for
1.24 assessment of each performance target must be outlined in writing prior to the contract
1.25 effective date. Clinical or utilization performance targets and their related criteria
1.26 must be based on evidence-based research showing they can be achieved through
1.27 reasonable interventions, and developed with input from independent clinical experts

2.1 and stakeholders, including managed care plans and providers. The managed care plan
2.2 must demonstrate, to the commissioner's satisfaction, that the data submitted regarding
2.3 attainment of the performance target is accurate. The commissioner shall periodically
2.4 change the administrative measures used as performance targets in order to improve plan
2.5 performance across a broader range of administrative services. The performance targets
2.6 must include measurement of plan efforts to contain spending on health care services and
2.7 administrative activities. The commissioner may adopt plan-specific performance targets
2.8 that take into account factors affecting only one plan, including characteristics of the
2.9 plan's enrollee population. The withheld funds must be returned no sooner than July of the
2.10 following year if performance targets in the contract are achieved. The commissioner may
2.11 exclude special demonstration projects under subdivision 23.

2.12 (d) Effective for services rendered on or after January 1, 2009, through December
2.13 31, 2009, the commissioner shall withhold three percent of managed care plan payments
2.14 under this section and county-based purchasing plan payments under section 256B.692
2.15 for the prepaid medical assistance program. The withheld funds must be returned no
2.16 sooner than July 1 and no later than July 31 of the following year. The commissioner may
2.17 exclude special demonstration projects under subdivision 23.

2.18 (e) Effective for services provided on or after January 1, 2010, the commissioner
2.19 shall require that managed care plans use the assessment and authorization processes,
2.20 forms, timelines, standards, documentation, and data reporting requirements, protocols,
2.21 billing processes, and policies consistent with medical assistance fee-for-service or the
2.22 Department of Human Services contract requirements consistent with medical assistance
2.23 fee-for-service or the Department of Human Services contract requirements for all
2.24 personal care assistance services under section 256B.0659.

2.25 (f) Effective for services rendered on or after January 1, 2010, through December
2.26 31, 2010, the commissioner shall withhold 4.5 percent of managed care plan payments
2.27 under this section and county-based purchasing plan payments under section 256B.692
2.28 for the prepaid medical assistance program. The withheld funds must be returned no
2.29 sooner than July 1 and no later than July 31 of the following year. The commissioner may
2.30 exclude special demonstration projects under subdivision 23.

2.31 (g) Effective for services rendered on or after January 1, 2011, through December
2.32 31, 2011, the commissioner shall include as part of the performance targets described
2.33 in paragraph (c) a reduction in the health plan's emergency room utilization rate for
2.34 state health care program enrollees by a measurable rate of five percent from the plan's
2.35 utilization rate for state health care program enrollees for the previous calendar year.
2.36 Effective for services rendered on or after January 1, 2012, the commissioner shall include

3.1 as part of the performance targets described in paragraph (c) a reduction in the health
3.2 plan's emergency department utilization rate for medical assistance and MinnesotaCare
3.3 enrollees, as determined by the commissioner. For calendar year 2012, the reduction shall
3.4 be based on the health plan's utilization in calendar year 2009, and to earn the return of
3.5 the withhold for that year, the plan must achieve a qualifying reduction of no less than
3.6 ten percent compared to calendar year 2009. To earn the return of the withhold each
3.7 subsequent year, the managed care plan or county-based purchasing plan must achieve
3.8 a qualifying reduction of no less than ten percent of the plan's emergency department
3.9 utilization rate for medical assistance and MinnesotaCare enrollees, excluding Medicare
3.10 enrollees, compared to the previous calendar year, until the final performance target is
3.11 reached. Measurement of performance shall take into account the difference in health risk
3.12 in a plan's membership in the baseline year compared to the measurement year.

3.13 The withheld funds must be returned no sooner than July 1 and no later than July 31
3.14 of the following calendar year if the managed care plan or county-based purchasing plan
3.15 demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate
3.16 was achieved. The commissioner shall structure the withhold so that the commissioner
3.17 returns a portion of the withheld funds in amounts commensurate with achieved reductions
3.18 in utilization less than the targeted amount.

3.19 The withhold described in this paragraph shall continue for each consecutive
3.20 contract period until the plan's emergency room utilization rate for state health care
3.21 program enrollees is reduced by 25 percent of the plan's emergency room utilization
3.22 rate for medical assistance and MinnesotaCare enrollees for calendar year ~~2011~~2009.
3.23 Hospitals shall cooperate with the health plans in meeting this performance target and
3.24 shall accept payment withholds that may be returned to the hospitals if the performance
3.25 target is achieved.

3.26 (h) Effective for services rendered on or after January 1, 2012, the commissioner
3.27 shall include as part of the performance targets described in paragraph (c) a reduction
3.28 in the plan's hospitalization admission rate for medical assistance and MinnesotaCare
3.29 enrollees, as determined by the commissioner. To earn the return of the withhold each
3.30 year, the managed care plan or county-based purchasing plan must achieve a qualifying
3.31 reduction of no less than five percent of the plan's hospital admission rate for medical
3.32 assistance and MinnesotaCare enrollees, excluding Medicare enrollees, compared to the
3.33 previous calendar year until the final performance target is reached. Measurement of
3.34 performance shall take into account the difference in health risk in a plan's membership
3.35 in the baseline year compared to the measurement year.

4.1 The withheld funds must be returned no sooner than July 1 and no later than July
4.2 31 of the following calendar year if the managed care plan or county-based purchasing
4.3 plan demonstrates to the satisfaction of the commissioner that this reduction in the
4.4 hospitalization rate was achieved. The commissioner shall structure the withhold so that
4.5 the commissioner returns a portion of the withheld funds in amounts commensurate with
4.6 achieved reductions in utilization less than the targeted amount.

4.7 The withhold described in this paragraph shall continue until there is a 25 percent
4.8 reduction in the hospital admission rate compared to the hospital admission rates in
4.9 calendar year 2011, as determined by the commissioner. The hospital admissions in this
4.10 performance target do not include the admissions applicable to the subsequent hospital
4.11 admission performance target under paragraph (i). Hospitals shall cooperate with the
4.12 plans in meeting this performance target and shall accept payment withholds that may be
4.13 returned to the hospitals if the performance target is achieved.

4.14 (i) Effective for services rendered on or after January 1, 2012, the commissioner
4.15 shall include as part of the performance targets described in paragraph (c) a reduction in
4.16 the plan's hospitalization admission rates for subsequent hospitalizations within 30 days
4.17 of a previous hospitalization of a patient regardless of the reason, for medical assistance
4.18 and MinnesotaCare enrollees, as determined by the commissioner. To earn the return of
4.19 the withhold each year, the managed care plan or county-based purchasing plan must
4.20 achieve a qualifying reduction of the subsequent hospitalization rate for medical assistance
4.21 and MinnesotaCare enrollees, excluding Medicare enrollees, of no less than five percent
4.22 compared to the previous calendar year until the final performance target is reached.

4.23 The withheld funds must be returned no sooner than July 1 and no later than July
4.24 31 of the following calendar year if the managed care plan or county-based purchasing
4.25 plan demonstrates to the satisfaction of the commissioner that a qualifying reduction in
4.26 the subsequent hospitalization rate was achieved. The commissioner shall structure the
4.27 withhold so that the commissioner returns a portion of the withheld funds in amounts
4.28 commensurate with achieved reductions in utilization less than the targeted amount.

4.29 The withhold described in this paragraph must continue for each consecutive
4.30 contract period until the plan's subsequent hospitalization rate for medical assistance and
4.31 MinnesotaCare enrollees, excluding Medicare enrollees, is reduced by 25 percent of the
4.32 plan's subsequent hospitalization rate for calendar year 2011. Hospitals shall cooperate
4.33 with the plans in meeting this performance target and shall accept payment withholds that
4.34 must be returned to the hospitals if the performance target is achieved.

4.35 (j) Effective for services rendered on or after January 1, 2011, through December 31,
4.36 2011, the commissioner shall withhold 4.5 percent of managed care plan payments under

5.1 this section and county-based purchasing plan payments under section 256B.692 for the
5.2 prepaid medical assistance program. The withheld funds must be returned no sooner than
5.3 July 1 and no later than July 31 of the following year. The commissioner may exclude
5.4 special demonstration projects under subdivision 23.

5.5 (k) Effective for services rendered on or after January 1, 2012, through December
5.6 31, 2012, the commissioner shall withhold 4.5 percent of managed care plan payments
5.7 under this section and county-based purchasing plan payments under section 256B.692
5.8 for the prepaid medical assistance program. The withheld funds must be returned no
5.9 sooner than July 1 and no later than July 31 of the following year. The commissioner may
5.10 exclude special demonstration projects under subdivision 23.

5.11 (l) Effective for services rendered on or after January 1, 2013, through December 31,
5.12 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under
5.13 this section and county-based purchasing plan payments under section 256B.692 for the
5.14 prepaid medical assistance program. The withheld funds must be returned no sooner than
5.15 July 1 and no later than July 31 of the following year. The commissioner may exclude
5.16 special demonstration projects under subdivision 23.

5.17 (m) Effective for services rendered on or after January 1, 2014, the commissioner
5.18 shall withhold three percent of managed care plan payments under this section and
5.19 county-based purchasing plan payments under section 256B.692 for the prepaid medical
5.20 assistance program. The withheld funds must be returned no sooner than July 1 and
5.21 no later than July 31 of the following year. The commissioner may exclude special
5.22 demonstration projects under subdivision 23.

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

5.26 (o) Contracts between the commissioner and a prepaid health plan are exempt from
5.27 the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph
5.28 (a), and 7.

5.29 (p) The return of the withhold under paragraphs (d), (f), and (j) to (m) is not subject
5.30 to the requirements of paragraph (c)."

5.31 Page 7, after line 16, insert:

5.32 "Sec. 10. Minnesota Statutes 2011 Supplement, section 256L.12, subdivision 9,
5.33 is amended to read:

5.34 Subd. 9. **Rate setting; performance withholds.** (a) Rates will be prospective,
5.35 per capita, where possible. The commissioner may allow health plans to arrange for

6.1 inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with
6.2 an independent actuary to determine appropriate rates.

6.3 (b) For services rendered on or after January 1, 2004, the commissioner shall
6.4 withhold five percent of managed care plan payments and county-based purchasing
6.5 plan payments under this section pending completion of performance targets. Each
6.6 performance target must be quantifiable, objective, measurable, and reasonably attainable,
6.7 except in the case of a performance target based on a federal or state law or rule.
6.8 Criteria for assessment of each performance target must be outlined in writing prior to
6.9 the contract effective date. Clinical or utilization performance targets and their related
6.10 criteria must be based on evidence-based research showing they can be achieved through
6.11 reasonable interventions, and developed with input from independent clinical experts
6.12 and stakeholders, including managed care plans and providers. The managed care plan
6.13 must demonstrate, to the commissioner's satisfaction, that the data submitted regarding
6.14 attainment of the performance target is accurate. The commissioner shall periodically
6.15 change the administrative measures used as performance targets in order to improve plan
6.16 performance across a broader range of administrative services. The performance targets
6.17 must include measurement of plan efforts to contain spending on health care services
6.18 and administrative activities. The commissioner may adopt plan-specific performance
6.19 targets that take into account factors affecting only one plan, such as characteristics of
6.20 the plan's enrollee population. The withheld funds must be returned no sooner than July
6.21 1 and no later than July 31 of the following calendar year if performance targets in the
6.22 contract are achieved.

6.23 (c) For services rendered on or after January 1, 2011, the commissioner shall
6.24 withhold an additional three percent of managed care plan or county-based purchasing
6.25 plan payments under this section. The withheld funds must be returned no sooner than
6.26 July 1 and no later than July 31 of the following calendar year. The return of the withhold
6.27 under this paragraph is not subject to the requirements of paragraph (b).

6.28 (d) Effective for services rendered on or after January 1, 2011, through December
6.29 31, 2011, the commissioner shall include as part of the performance targets described in
6.30 paragraph (b) a reduction in the plan's emergency room utilization rate for state health
6.31 care program enrollees by a measurable rate of five percent from the plan's utilization
6.32 rate for the previous calendar year. Effective for services rendered on or after January
6.33 1, 2012, the commissioner shall include as part of the performance targets described in
6.34 paragraph (b) a reduction in the health plan's emergency department utilization rate for
6.35 medical assistance and MinnesotaCare enrollees, as determined by the commissioner. For
6.36 calendar year 2012, the reduction shall be based on the health plan's utilization in calendar

7.1 year 2009, and to earn the return of the withhold for that year, the plan must achieve a
7.2 qualifying reduction of no less than ten percent compared to calendar year 2009. To earn
7.3 the return of the withhold each subsequent year, the managed care plan or county-based
7.4 purchasing plan must achieve a qualifying reduction of no less than ten percent of the
7.5 plan's utilization rate for medical assistance and MinnesotaCare enrollees, excluding
7.6 Medicare enrollees, compared to the previous calendar year, until the final performance
7.7 target is reached. Measurement of performance shall take into account the difference in
7.8 health risk in a plan's membership in the baseline year compared to the measurement year.

7.9 The withheld funds must be returned no sooner than July 1 and no later than July 31
7.10 of the following calendar year if the managed care plan or county-based purchasing plan
7.11 demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate
7.12 was achieved. The commissioner shall structure the withhold so that the commissioner
7.13 returns a portion of the withheld funds in amounts commensurate with achieved reductions
7.14 in utilization less than the targeted amount.

7.15 The withhold described in this paragraph shall continue for each consecutive contract
7.16 period until the plan's emergency room utilization rate for state health care program
7.17 enrollees is reduced by 25 percent of the plan's emergency room utilization rate for medical
7.18 assistance and MinnesotaCare enrollees for calendar year 2011. Hospitals shall cooperate
7.19 with the health plans in meeting this performance target and shall accept payment
7.20 withholds that may be returned to the hospitals if the performance target is achieved.

7.21 (e) Effective for services rendered on or after January 1, 2012, the commissioner
7.22 shall include as part of the performance targets described in paragraph (b) a reduction
7.23 in the plan's hospitalization admission rate for medical assistance and MinnesotaCare
7.24 enrollees, as determined by the commissioner. To earn the return of the withhold each
7.25 year, the managed care plan or county-based purchasing plan must achieve a qualifying
7.26 reduction of no less than five percent of the plan's hospital admission rate for medical
7.27 assistance and MinnesotaCare enrollees, excluding Medicare enrollees, compared to the
7.28 previous calendar year, until the final performance target is reached. Measurement of
7.29 performance shall take into account the difference in health risk in a plan's membership
7.30 in the baseline year compared to the measurement year.

7.31 The withheld funds must be returned no sooner than July 1 and no later than July
7.32 31 of the following calendar year if the managed care plan or county-based purchasing
7.33 plan demonstrates to the satisfaction of the commissioner that this reduction in the
7.34 hospitalization rate was achieved. The commissioner shall structure the withhold so that
7.35 the commissioner returns a portion of the withheld funds in amounts commensurate with
7.36 achieved reductions in utilization less than the targeted amount.

8.1 The withhold described in this paragraph shall continue until there is a 25 percent
8.2 reduction in the hospitals admission rate compared to the hospital admission rate for
8.3 calendar year 2011 as determined by the commissioner. Hospitals shall cooperate with the
8.4 plans in meeting this performance target and shall accept payment withholds that may be
8.5 returned to the hospitals if the performance target is achieved. The hospital admissions
8.6 in this performance target do not include the admissions applicable to the subsequent
8.7 hospital admission performance target under paragraph (f).

8.8 (f) Effective for services provided on or after January 1, 2012, the commissioner
8.9 shall include as part of the performance targets described in paragraph (b) a reduction
8.10 in the plan's hospitalization rate for a subsequent hospitalization within 30 days of a
8.11 previous hospitalization of a patient regardless of the reason, for medical assistance and
8.12 MinnesotaCare enrollees, as determined by the commissioner. To earn the return of the
8.13 withhold each year, the managed care plan or county-based purchasing plan must achieve
8.14 a qualifying reduction of the subsequent hospital admissions rate for medical assistance
8.15 and MinnesotaCare enrollees, excluding Medicare enrollees, of no less than five percent
8.16 compared to the previous calendar year until the final performance target is reached.

8.17 The withheld funds must be returned no sooner than July 1 and no later than July 31
8.18 of the following calendar year if the managed care plan or county-based purchasing plan
8.19 demonstrates to the satisfaction of the commissioner that a reduction in the subsequent
8.20 hospitalization rate was achieved. The commissioner shall structure the withhold so that
8.21 the commissioner returns a portion of the withheld funds in amounts commensurate with
8.22 achieved reductions in utilization less than the targeted amount.

8.23 The withhold described in this paragraph must continue for each consecutive
8.24 contract period until the plan's subsequent hospitalization rate for medical assistance and
8.25 MinnesotaCare enrollees is reduced by 25 percent of the plan's subsequent hospitalization
8.26 rate for calendar year 2011. Hospitals shall cooperate with the plans in meeting this
8.27 performance target and shall accept payment withholds that must be returned to the
8.28 hospitals if the performance target is achieved.

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

8.32 Renumber the sections in sequence and correct the internal references

8.33 Amend the title accordingly