

**Subject** MinnesotaCare Public Option

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**Date** February 2, 2023

## Overview

This bill establishes the MinnesotaCare public option, for persons with incomes greater than the MinnesotaCare income limit of 200 percent of the federal poverty guidelines (FPG), who meet all other MinnesotaCare eligibility criteria. The commissioner of human services is required to submit an implementation plan to the legislature. Implementation of the public option is effective January 1, 2026, but only if the commissioner of human services certifies to the legislature that implementation of those sections will not result in the loss of federal basic health program funding. The bill also makes other changes to MinnesotaCare, including requiring a study of a small employer public option and providing eligibility for undocumented noncitizens.

The bill also: (1) makes ongoing the lower MinnesotaCare premiums that are required by the federal American Rescue Plan Act (ARPA); (2) provides a transitional state cost-sharing reduction for 2024 and 2025 coverage by subsidizing the purchase of gold plans; and (3) provides a small employer transitional tax credit for the cost of employee health coverage in 2024 and 2025.

## Summary

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1	<b>Transitional cost-sharing reductions.</b> Amends § 62V.05, by adding subd. 13.
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(a) Directs MNsure to develop and implement a system, for the 2024 and 2025 plan years, to provide cost-sharing reductions to eligible individuals who choose to enroll in a gold health plan.

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(b) Defines an “eligible individual” as a person who: (1) is a resident of Minnesota; and (2) is enrolled in a gold health plan offered in the enrollee’s county of residence.

(c) Provides that the monthly transitional cost-sharing reduction subsidy for an eligible individual is \$75 per month.

(d) Requires MNSure to establish procedures to determine an individual’s eligibility for the subsidy and make payments to health carriers for eligible individuals enrolled in gold level plans.

**2 General requirements.**

Amends § 256L.04, subd. 1c. Makes a conforming change related to the elimination of the MinnesotaCare income limit for persons eligible under the public option, by clarifying that persons eligible for MinnesotaCare with incomes less than or equal to 200 percent of FPG are not qualified individuals and therefore are not eligible to obtain coverage through MNSure (this section does not change the status of these individuals under current law). States that the section is effective January 1, 2026, or upon federal approval, subject to certification that implementation will not result in the loss of basic health program funding.

**3 Ineligibility.**

Amends § 256L.04, subd. 7a. Makes a conforming change, by exempting persons enrolled under the public option from a provision that prohibits adults from being enrolled in MinnesotaCare if their income is greater than the program income limit. States that the section is effective January 1, 2026, or upon federal approval, subject to certification that implementation will not result in the loss of basic health program funding.

**4 Citizenship requirements.**

Amends § 256L.04, subd. 10. Allows undocumented noncitizens to be eligible for MinnesotaCare. Provides an effective date of January 1, 2025.

**5 Persons eligible for public option.**

Amends § 256L.04, by adding subd. 15. Allows families and individuals with incomes above the MinnesotaCare income limit, who meet all other program eligibility requirements, to be eligible for MinnesotaCare. Allows enrollment of these individuals only during an annual open enrollment period or special enrollment period, as designated by MNSure. States that the section is effective January 1, 2026, or upon federal approval, subject to certification that implementation will not result in the loss of basic health program funding.

Section	Description
6	<p><b>General requirements.</b></p> <p>Amends § 256L.07, subd. 1. Makes a conforming change, by exempting persons whose income increases above 200 percent of FPG from MinnesotaCare disenrollment if they continue enrollment through the public option. States that the section is effective January 1, 2026, or upon federal approval, subject to certification that implementation will not result in the loss of basic health program funding.</p>
7	<p><b>Sliding fee scale; monthly individual or family income.</b></p> <p>Amends § 256L.15, subd. 2.</p> <p>The amendment to paragraph (c) requires the commissioner to continue the lower premiums for MinnesotaCare enrollees (reflecting compliance with federal ARPA requirements) on an ongoing basis, without regard to any sunset of the ARPA requirements. Also makes conforming changes, by striking the premium scale listed in current law. (This premium scale is not currently applied, given that MinnesotaCare as part of federal compliance uses the lower premium scales required by ARPA for 2021 through 2025).</p> <p>A new paragraph (d) requires the commissioner to establish a sliding premium scale for persons eligible through the public option, to be effective January 1, 2026. Exempts persons 20 years of age or younger from these premiums.</p> <p>States that the section is effective January 1, 2024, except that the sliding premium scale for persons eligible for the public option is effective January 1, 2026, or upon federal approval, subject to certification that implementation will not result in the loss of basic health program funding.</p>
8	<p><b>Small employer transitional health care credit.</b></p> <p>Amends § 290.06, by adding subd. 41.</p> <p>Establishes a tax credit for the individual income and corporate franchise taxes for qualified employers. The credit would be equal to 50% of the employer's qualified employee health care expenses.</p> <p>"Qualified employers" are defined as those employers that are not defined as applicable large employers under the Internal Revenue Code's shared responsibility provisions (that is, employers who have less than 50 employees on average per year).</p> <p>"Qualified employee health care expenses" include group health plans, QSEHRAs, and individual coverage HRAs.</p> <p>The credit would be limited to the employer's tax liability for a taxable year, but unused amounts could be carried forward five years to offset future tax liability.</p>

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	The tax credit is temporary, and would only be effective for health care expenses paid in calendar years 2023 through 2025.
9	<b>Small employer public option.</b> Requires the commissioner of human services, in consultation with representatives of small employers, to develop a small employer public option that allows employees of businesses with fewer than 50 employees to receive employer contributions towards MinnesotaCare. Requires the commissioner to present recommendations to the legislature, by December 15, 2024. States that the section is effective the day following final enactment.
10	<b>Transition to MinnesotaCare public option.</b> (a) Requires the commissioner of human services to continue to administer MinnesotaCare as a basic health program, and to seek federal waivers, approvals, and law changes as required.  (b) Requires the commissioner to present an implementation plan for the MinnesotaCare public option to the legislature, by December 15, 2024. Requires the plan to include: <ol style="list-style-type: none"><li>1) recommendations for any changes to the public option needed to receive federal funding;</li><li>2) recommendations for implementing any small employer public option in a manner that would allow any employee payments towards premiums to be pretax;</li><li>3) recommendations for ensuring sufficient provider participation in MinnesotaCare;</li><li>4) estimates of state costs;</li><li>5) a description of the proposed premium scale for persons eligible through the public option, including an analysis of the extent to which the premium scale: (i) ensures that premiums are affordable for persons enrolled under the public option; and (ii) avoids premium cliffs for persons transitioning to or enrolled under the public option; and</li><li>6) draft legislation necessary to implement the public option and plan recommendations.</li></ol> (c) Requires the commissioner to present to the legislature, by January 15, 2025, a report comparing service delivery and payment systems models for MinnesotaCare. Specifies criteria for the report and for alternative delivery models.  States that the section is effective the day following final enactment.

Section	Description
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11	<b>Request for federal approval.</b>
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(a) Requires the commissioner of human services to seek any federal waivers, approvals, and law changes necessary to implement this act, including but not limited to those necessary to allow the state: (1) to continue to receive basic health program payments and other federal funding; (2) to receive federal payments equal to the value of premium tax credits and cost-sharing reductions that MinnesotaCare enrollees with incomes greater than 200 percent of FPG would otherwise have received; and (3) to receive federal payments equal to the value of emergency medical assistance that would otherwise have been paid to the state for services provided to eligible enrollees.

(b) Requires the commissioner of human services to consult with the commissioner of commerce and the board of directors of MNsure in implementing this section, and allows the commissioner of human services to contract for technical and actuarial assistance.

States that the section is effective the day following final enactment.

12	<b>Contingent effective date.</b>
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Provides that sections 2, 3, 5, and 6, and the specified portion of section 7, are effective January 1, 2026, or upon federal approval, whichever is later, but only if the commissioner of human services certifies to the legislature that implementation will not result in the loss of federal basic health program funding for MinnesotaCare enrollees with incomes not exceeding 200 percent of FPG.



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