

1.1 ..... moves to amend H.F. No. 693 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. [256.9631] DIRECT PAYMENT SYSTEM FOR MEDICAL ASSISTANCE  
1.4 AND MINNESOTACARE.

1.5 Subdivision 1. Direct payment system established. (a) The commissioner shall establish  
1.6 a direct payment system to achieve better health outcomes and reduce the cost of health  
1.7 care for the state. Under this system, the commissioner shall reimburse health care providers  
1.8 directly for services delivered to medical assistance and MinnesotaCare enrollees. The  
1.9 commissioner shall implement the direct payment system beginning January 1, 2026.

1.10 (b) In counties that choose to operate a county-based purchasing plan under section  
1.11 256B.692, the commissioner shall permit those counties to establish a new county-based  
1.12 purchasing plan or participate in an existing county-based purchasing plan. The county-based  
1.13 purchasing plan shall reimburse participating providers, unless the county board or county  
1.14 boards request that the commissioner assume responsibility for this function.

1.15 (c) In counties that choose to operate a county-owned health maintenance organization  
1.16 under section 256B.69, the commissioner shall permit those counties to establish a new  
1.17 county-owned and operated health maintenance organization or continue serving enrollees  
1.18 through an existing county-owned and operated health maintenance organization.

1.19 Subd. 2. Provider reimbursement; base rate. (a) The commissioner shall reimburse  
1.20 health care providers directly for all medical assistance and MinnesotaCare covered services,  
1.21 using the fee-for-service payment methods specified in chapters 256, 256B, 256R, and 256S  
1.22 to determine the base payment rate. To the extent allowed under contract terms, payments  
1.23 for services shall be made to individual providers and clinics for the services they provide,  
1.24 and not to hospital systems or networks of providers.

2.1 (b) The commissioner, at the election of the county board or boards, shall reimburse  
2.2 county-based purchasing plans and health maintenance organizations owned and operated  
2.3 by a county or counties, at the base fee-for-service payment rate for services provided by  
2.4 participating providers, or provide county-based purchasing plans and health maintenance  
2.5 organizations a capitation rate as determined under sections 256B.69 and 256B.692.

2.6 (c) Providers shall bill the commissioner, county-based purchasing plan, or health  
2.7 maintenance organization, as applicable, directly for the services provided.

2.8 **Subd. 3. Provider reimbursement; supplemental payments for care coordination**  
2.9 **and additional services.** In addition to paying providers under subdivision 2, the  
2.10 commissioner shall provide supplemental payments to primary care providers, federally  
2.11 qualified health centers, community health clinics, and other provider types for which  
2.12 medical assistance and MinnesotaCare enrollees comprise a significant proportion of their  
2.13 patient caseload. Providers must use this supplemental payment to cover the cost of providing  
2.14 additional health care services and social services necessary to effectively serve patients:

2.15 (1) with complex medical conditions that require intensive care coordination;

2.16 (2) who face socioeconomic barriers to receiving care; or

2.17 (3) who are from underserved populations that experience health disparities.

2.18 **Subd. 4. Grants for outreach.** The commissioner, beginning January 1, 2026, shall  
2.19 award grants to federally qualified health centers, community health clinics, and other  
2.20 provider types delivering services to individuals from underserved populations. The grants  
2.21 must be used by providers to conduct patient outreach and deliver health care and care  
2.22 coordination services in the community to patients who, because of mental illness,  
2.23 homelessness, or other circumstances, are unlikely to obtain needed care and treatment.  
2.24 Grants must also be used to assist uninsured patients in enrolling in medical assistance,  
2.25 MinnesotaCare, or appropriate private sector health coverage.

2.26 **Subd. 5. Termination of managed care contracts.** The commissioner shall terminate  
2.27 managed care contracts under sections 256B.69, 256L.12, and 256L.121 by December 31,  
2.28 2025, except that the commissioner may continue to contract with county-based purchasing  
2.29 plans and county-owned and operated health maintenance organizations, as provided under  
2.30 this section.

2.31 **Subd. 6. Duties of the commissioner.** (a) For enrollees, the commissioner shall:

2.32 (1) maintain a hotline and website to assist enrollees in accessing providers;

3.1 (2) provide a nurse consultation helpline that is available 24 hours per day, seven days  
3.2 a week; and

3.3 (3) contact enrollees who, based on claims data, have not received adequate preventive  
3.4 care, and assist them in accessing a primary care provider.

3.5 (b) For providers, the commissioner shall:

3.6 (1) regularly review and adjust provider reimbursement rates to ensure payments to  
3.7 providers are sufficient to ensure economic viability, prevent provider shortages in areas  
3.8 such as mental health and dental services, and ensure geographic access to care;

3.9 (2) ensure that providers are reimbursed on a timely basis; and

3.10 (3) collaborate with health care providers to develop and promote initiatives to improve  
3.11 health care quality and reduce costs.

3.12 Subd. 7. **System development and administration.** (a) The commissioner, under the  
3.13 direct payment system, shall:

3.14 (1) provide benefits management, claims processing, and enrollee support services;

3.15 (2) coordinate operation of the direct payment system with the eligibility determination  
3.16 functions performed by MNsure and county agencies;

3.17 (3) establish and maintain provider payment rates at levels sufficient to ensure  
3.18 high-quality care and enrollee access to covered health care services;

3.19 (4) develop and monitor quality measures for health care service delivery; and

3.20 (5) develop and implement provider incentives and innovative methods of health care  
3.21 delivery, to ensure the efficient provision of high-quality care and reduce health care  
3.22 disparities.

3.23 (b) This section does not prohibit the commissioner from seeking legislative and federal  
3.24 approval for demonstration projects to ensure access to care or improve health care quality.

3.25 (c) The commissioner may contract for technical assistance in developing the direct  
3.26 payment system, and may contract with an administrator to administer the direct payment  
3.27 system.

3.28 Subd. 8. **Implementation plan.** The commissioner shall present an implementation plan  
3.29 for the direct payment system to the chairs and ranking minority members of the legislative  
3.30 committees with jurisdiction over health care policy and finance by January 15, 2024. The  
3.31 plan must include:

- 4.1 (1) a timeline for the development and implementation of the direct payment system;
- 4.2 (2) the procedures to be used to transition enrollees from managed care to the direct
- 4.3 payment system in a manner that ensures continuity of care;
- 4.4 (3) any changes to base payment rates necessary to ensure provider access and
- 4.5 high-quality care, and reduce health disparities;
- 4.6 (4) the payment criteria and procedures for supplemental payments under the direct
- 4.7 payment system, including but not limited to:
- 4.8 (i) the provider types eligible for supplemental payments;
- 4.9 (ii) procedures to coordinate supplemental payments under the direct payment system
- 4.10 with existing supplemental or cost-based payment methods; and
- 4.11 (iii) procedures to align care coordination initiatives funded through supplemental
- 4.12 payments under the direct payment system with existing care coordination and case
- 4.13 management initiatives;
- 4.14 (5) procedures to compensate providers for any loss of savings from the federal 340B
- 4.15 Drug Pricing Program; and
- 4.16 (6) proposed language for any statutory changes necessary to implement this section.

4.17 Sec. 2. **APPROPRIATION.**

4.18 \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the general

4.19 fund to the commissioner of human services to develop and implement the direct payment

4.20 system under Minnesota Statutes, section 256.9631."

4.21 Amend the title accordingly