HOUSE RESEARCH

Bill Summary

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Overview

This bill requires the commissioner of human services to establish the children's health security program to provide health coverage first to children in families with household incomes not exceeding 300 percent of the federal poverty guidelines and later to children with higher incomes. The bill requires the commissioner to seek federal waivers and approvals necessary to coordinate Medical Assistance and MinnesotaCare coverage and funding for children with the program. The bill also requires the commissioner of human services to present an implementation plan and establishes a legislative task force to present recommendations to the legislature on expanding children's health coverage.

Section

1 **Children's health security account.** Adds § 16A.726. Establishes the children's health security account in the state treasury. Requires the commissioner of finance to deposit money made available into the account and credits investment income to the account.

2 **Children under age two.** Amends § 256B.057, subd. 8. Provides MA coverage for children under age two with incomes between 300 and 305 percent of FPG. (Current law provides MA coverage for children with incomes between 275 and 280 percent of FPG, using funding under the State Children's Health Insurance Program (SCHIP). Provides an effective date of July 1, 2008, or upon federal approval, whichever is later.

3 **Citation.** Adds § 256N.01. States that chapter 256N may be cited as the Children's Health Security Act.

4 **Definitions.** Adds § 256N.02. Defines terms. Defines "child" as an individual under age 21. Defines "dependent child" as an unmarried child under the age of 25 who is claimed as a

dependent. Defines "commissioner" as the commissioner of human services.

5 **Establishment.** Adds § 256N.03. Requires the commissioner of human services to establish the children's health security program, and to implement the program on July 1, 2008, or upon federal approval, whichever is later. Requires the program to comply with federal Medicaid law and related waivers.

6 **Eligibility.** Adds § 256N.05. Specifies eligibility requirements for the children's health security program.

Subd. 1. General requirements. States that children meeting the eligibility requirements of this section are eligible for the program.

Subd. 2. Income limit. (a) Provides that children in families with gross household income not exceeding 300 percent of the federal poverty guidelines (FPG) are eligible for the program. (This percentage of FPG equals $60,084 for a family of four.) Requires the commissioner to use MinnesotaCare methodology in determining gross income.

(b) Provides that dependent students are eligible for state-funded benefits, effective July 1, 2008.

(c) Effective July 1, 2010, expands eligibility to include children in families with household incomes that exceed 300 percent of FPG. Provides that the requirements for eligibility, the form of benefits, and other terms and conditions of the program are to be determined by the legislature after receiving the report of the legislative task force.

Subd. 3. Residency. (a) To be eligible, requires children to be permanent residents of Minnesota, who demonstrate that they are domiciled in the state and intend to live in the state permanently.

(b) Specifies the method by which applicants, or their parents or guardians, can demonstrate an intent to live in the state permanently.

(c) Specifies methods by which a resident's address may be verified.

(d) Provides that children temporarily absent from the state do not lose eligibility for the program.

(e) Specifies that a child who has moved to Minnesota primarily to obtain medical treatment or health coverage for a preexisting condition is not a permanent resident.

Subd. 4. Enrollment voluntary. States that enrollment in the program is voluntary. Allows parents or guardians to retain private sector or Medicare coverage for a child as the sole source of coverage, or enroll children with these types of coverage in the program. Provides that coverage under the children's health security program is secondary to private sector or Medicare coverage.

Subd. 5. Emergency services. Allows payment for care and services necessary to treat an emergency medical condition, regardless of immigration status, if the individual is otherwise eligible.

Subd. 6. Medical assistance standards and procedures. (a) Requires the commissioner, unless otherwise specified in this chapter, to use MA procedures and methodology when determining initial eligibility and redetermining eligibility for the children's health security program.

(b) Provides that the spend-down procedures of MA apply to children who would be eligible for the children's health security program, except for excess income. (The

MA spend-down standard for children is 100 percent of FPG.)

(c) Provides three-month retroactive coverage under the children's health security program, as is the case under MA.

7 **Covered services.** Adds § 256N.07. States that covered services under the children's health security program consist of all services covered under Medical Assistance.

8 **No enrollee premiums or cost sharing.** Adds § 256N.09. States that the program, in order to maintain broad access to coverage, has no enrollee premium or cost-sharing requirements.

9 **Application procedures; eligibility determination.** Adds § 256N.11. Specifies procedures to be used to determine eligibility for the program.

Subd. 1. Application procedure. Requires the application form to be easily understandable and not exceed two pages in length. Requires applications to be made available at provider offices, local human services agencies, schools, and other specified sites, and allows these sites to accept applications and forward them to the commissioner. Also allows applications to be submitted directly to the commissioner.

Subd. 2. Eligibility determination. Requires the commissioner of human services to determine eligibility within 30 days of receipt of an application.

Subd. 3. Presumptive eligibility. Allows coverage for children under age 19 to be provided during a presumptive eligibility period that begins when a health care provider or other entity determines, based on preliminary information, that the child's family income does not exceed the income standard. The presumptive eligibility period ends on the earlier of the day on which an eligibility determination is made or the last day of the month following the month in which the preliminary determination of eligibility was made.

Subd. 4. Renewal of eligibility. Requires enrollees to renew eligibility every 12 months.

Subd. 5. Continuous eligibility. Provides that children under age 19 shall be continuously eligible until the earlier of the next renewal period, or the time the child exceeds age 19.

10 **County role.** Adds § 256N.12. Gives counties the option of determining program eligibility, proves assistance to applicants in choosing managed care organizations or providers, and provided ombudsperson services. Allows the commissioner to establish reasonable staffing standards and requires the commissioner to deliver these services, if they are not delivered by counties. If the state provides these services, requires the commissioner to give hiring consideration to county staff who are laid off. Provides that state and federal funding for these services shall be the same, whether delivered by the state or by a county or group of counties.

11 **Service delivery.** Adds § 256N.13. Specifies the methods to be used to deliver health care services.

Subd. 1. Contracts for service delivery. Allows the commissioner, within each county, to contract with managed care organizations to provide covered health care services to enrollees under a managed care system, and to contract with health care and social service providers to provide services on a fee-for-service basis. Requires managed care organizations to comply with prepaid MA requirements related to coverage of and payment for services provided by Indian health service and tribal facilities. Specifies criteria that the commissioner must consider when determining

the method of service delivery.

Subd. 2. Managed care organization requirements. (a) Specifies requirements for managed care organizations under contract.

(b) Upon implementation of the program, requires a withhold of 5 percent of managed care organization payments pending completion of performance targets related to lead screening, well child services, immunizations, vision screening, and customer service. Effective January 1, 2010, increases the total withhold to 7 percent and adds treatment of asthma and screening for mental health as new performance targets. Specifies criteria and procedures for administering withholds.

Subd. 3. Fee-for-service delivery. Allows disputes related to services provided under the fee-for-service system to be appealed to the commissioner using the procedures for state agency hearings under section 256.045.

Subd. 4. Contracts for waiver services. Requires the commissioner, when services are delivered through managed care, to contract with health care and social service providers to provide, on a fee-for-service basis, covered services only available under an MA home and community-based waiver. Requires the commissioner to determine eligibility for waiver services using medical assistance criteria and procedures. Allows disputes to be appealed to the commissioner using the procedures for state agency hearings.

Subd. 5. Service delivery for Minnesota disabilities health option recipient. Allows individuals who voluntarily enroll in the Minnesota Disability Health Option (MnDHO) to continue to receive home and community-based services through MnDHO.

Subd. 6. Disabled or blind children. Exempts children eligible for MA due to blindness or disability from managed care enrollment.

12 **Payment rates.** Adds § 256N.15. Requires the commissioner to establish payment methods and amounts. Provides a rate floor for payment rates and requires the commissioner to establish a performance rate bonus program.

Subd. 1. Establishment. Requires the commissioner, in consultation with a health care actuary, to establish the method and amount of payments for services. Requires annual contracts for the provision of services. Requires the commissioner, in consultation with the risk adjustment association, to develop and implement a risk adjustment system for the program.

Subd. 2. Provider rates. Requires the commissioner to ensure that fee-for-service payment rates for preventative care services provided on or after July 1, 2008, are at least 5 percent above MA rates, and to ensure that rates for all other services are at least 3 percent above the MA rate. Requires the commissioner to adjust capitation rates accordingly, and to require managed care organizations to pass on the rate increase to providers.

Subd. 3. Performance rate bonus. Directs the commissioner to establish a care coordination performance target bonus plan for fee-for-service providers and providers under contract with managed care organizations. Specifies criteria and procedures for administering performance bonuses.

13 **Consumer assistance.** Adds § 256N.17. Requires the commissioner to assist applicants in choosing a managed care organization or fee-for-service provider, designate an ombudsperson for children, and provide specified information to enrollees at the time of

enrollment.

Subd. 1. Assistance to applicants. Requires the commissioner to take specified steps to assist applicants in choosing a managed care organization or fee-for-service provider.

Subd. 2. Ombudsperson. Requires the commissioner to designate an ombudsperson for children enrolled in the program and specifies duties. Requires the commissioner to inform enrollees, at the time of enrollment, of the ombudsperson program, the right to resolve complaints through the managed care organization, and appeal rights through the state hearing process.

14 **Monitoring and evaluation of quality and costs.** Adds § 256N.19. Directs the commissioner to require managed care organizations, as a condition of contract, to provide data related to enrollee satisfaction, quality of care, cost, and utilization of services. Requires the commissioner to evaluate this data to make summary information on quality of care available to consumers, requires managed care organizations and providers to implement quality improvement plans, and compare the cost and quality of program services to the cost and quality of services provided to private sector enrollees.

15 **Federal approval.** Adds § 256N.21. Requires the commissioner to seek all federal waivers and approvals necessary to implement this chapter, including those waivers and approvals necessary to:

(1) coordinate MA and MinnesotaCare coverage for children with the children's health security program;

(2) use federal MA and MinnesotaCare dollars to pay for services under the children's health security program;

(3) maximize the receipt of the federal match for covered children, by increasing income standards through the use of more liberal income methodologies;

(4) extend presumptive eligibility and continuous eligibility to children under age 21; and

(5) use federal MA and MinnesotaCare dollars to provide benefits to dependent children.

16 **Rulemaking.** Adds § 256N.23. Requires the commissioner to adopt rules to implement the chapter.

17 **Children's health security program outreach.** Adds § 256N.25. Requires the commissioner to award grants for program outreach.

Subd. 1. Grant awards. Requires the commissioner to award grants to public or private organizations to: (1) provide information, in areas of the state with high uninsured populations, on the importance of maintaining insurance coverage and on how to obtain coverage through the children's health security program; and (2) monitor and provide support to ensure children remain enrolled.

Subd. 2. Criteria. Specifies criteria for awarding grants.

Subd. 3. Monitoring and termination. Requires the commissioner to monitor grants and allows the commissioner to terminate a grant if the outreach effort does not increase enrollment in the program.

18 **Implementation plan.** Requires the commissioner of human services to develop an implementation plan for the children's health security program, including a health delivery

plan based on the criteria in section 256N.13, subdivision 1. Requires the commissioner to present this plan, any necessary draft legislation, and a draft of proposed rules to the legislature by December 15, 2007. Requires the plan to include recommendations for any additional legislative changes necessary to merge MA and MinnesotaCare coverage for children into the children's health security program. Requires the commissioner to evaluate the provision of services to children with disabilities and present recommendations to the legislature by December 15, 2009, for any program changes necessary to ensure the quality and continuity of care.

19 **Legislative task force on children's health care coverage.** Establishes the task force and requires the task force to present recommendations on expanding children's health coverage to the legislature.

Subd. 1. Establishment; membership. Establishes the legislative task force on children's health care coverage and specifies the membership. Requires members to be appointed by September 1, 2007.

Subd. 2. Study; staff support. (a) Requires the task force to study viable options to extend coverage to all children, and provide recommendations to the legislature. Specifies criteria for the study.

(b) Allows the task force to hire staff or contract for staff support for the study.

(c) Requires the task force to hold meetings to hear public testimony at locations throughout the state, including locations outside the seven-county metropolitan area.

Subd. 3. Recommendations. Requires the task force to report recommendations to the legislature by December 15, 2008. Specifies criteria for the recommendations.

Subd. 4. Expiration. States that this section expires December 16, 2008.

20 **Appropriation.** (a) Appropriates money from the general fund to the commissioner of human services for the biennium, to develop and implement the children's health security act.

(b) Appropriates money from the health care access fund to the commissioner of human services for the biennium, to develop and implement the children's health security act.

(c) Appropriates money from the general fund to the legislative coordinating commission for the biennium, for staff support provided to the legislative task force on children's health care coverage.