

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill establishes health care expenditure and premium growth limits, sets goals related to universal coverage, establishes a prescription drug discount program, expands MinnesotaCare eligibility and benefits, increases reimbursement to critical access dental providers, reduces MinnesotaCare premiums, establishes a MinnesotaCare small employer option, proposes a constitutional amendment on health care, eliminates MA and GAMC copayments, and makes other changes related to health care.

### Section

- 1** **Premium rate restrictions.** Amends § 62A.65, subd. 3. Requires the commissioners of commerce and health to apply the premium growth limits established under section 62J.04, subdivision 1b, when reviewing premium rates in the individual market.
- 2** **Dependent.** Amends § 62E.02, subd. 7. For purposes of MCHA policies, expands the definition of dependent to include an unmarried child under the age of 25, regardless of enrollment in an educational institution. Provides a January 1, 2008, effective date.
- 3** **Premium growth limits.** Amends § 62J.04, by adding subd. 1b. Requires the commissioner of health to establish premium growth limits for health plan companies.

(a) For calendar years 2008 to 2013, sets premium limits at the CPI for the preceding calendar year, plus two percentage points and an additional one percentage point to finance implementation of the electronic medical record system. Requires the commissioner to ensure that the additional percentage point is used to provide financial assistance to

providers to implement electronic medical record systems.

(b) For calendar years beyond 2013, sets the premium limit at the CPI plus two percentage points. Requires the commissioners of health and commerce to recommend to the legislature whether the additional percentage point for electronic medical record systems should be continued.

(c) Allows the commissioner to add additional percentage points if a major disaster, bioterrorism, or a public health emergency results in higher health care costs.

(d) Requires the commissioner to publish the annual premium growth limits in the State Register by January 31 of the year that the premium limits are in effect.

(e) Specifies the method of measuring premium growth, requires premium growth rates to be calculated for the individual, small group, and large group lines of business, and requires data used for premium growth rate calculations to be submitted as part of the cost containment filing under section 62J.38.

(f) Defines health plan company.

(g) Allows a health plan company to reduce reimbursement to providers to meet the premium growth limits.

**4 Cost containment duties.** Amends § 62J.04, subd. 3. Requires the commissioner to collect data to monitor achievement of premium growth limits, and to make premium growth limit data available to the public.

**5 Health plan company health care expenditure limits.** Amends § 62J.041. Requires the commissioner to establish health care expenditure limits for health plan companies, for CY 2008 and each year thereafter. Defines health expenditures as incurred claims or expenditures on health care services. States that the expenditure limits may not exceed the premium limits established in section 62J.04, subdivision 1b. Requires the commissioner to publish in the state register by July 1, 2009, and each year thereafter, and make available to the public, a list of all health plan companies that exceeded their expenditure limit for the previous calendar year. Strikes obsolete or unnecessary language.

**6 General duties.** Amends § 62J.301, subd. 3. Requires the commissioner to collect and maintain data for purposes of setting premium growth limits and measuring premium growth limit compliance.

**7 Cost containment data from group purchasers.** Amends § 62J.38. Requires premium revenue, aggregate enrollment, and member month data submitted by group purchasers to be broken down by the individual, small group, and large group markets.

**8 Health information technology and infrastructure.** Amends § 62J.495. Requires all hospitals and health care providers, by January 15, 2015, to have in place an interoperable electronic health records system. Requires the commissioner of health, in consultation with the health information technology and infrastructure advisory committee, to develop a statewide plan to meet this goal, including uniform standards. Requires uniform standards to be developed by January 1, 2009, with a status report on their development to be submitted to the legislature by January 15, 2008. Extends the expiration date of the section, from June 30, 2009, to June 30, 2015.

**9 Dependent.** Amends § 62L.02, subd. 11. For purposes of the small employer market, expands the definition of dependent to include an unmarried child under the age of 25, regardless of enrollment in an educational institution. Provides a January 1, 2008, effective date.

- 10 **Filing requirement.** Amends § 62L.08, subd. 8. Requires the commissioner, in reviewing small employer rates, to apply the premium growth limits established under section 62J.04, subdivision 1b.
- 11 **Definition.** Amends § 62Q.165, subd. 1. Amends a definition of universal coverage, to provide that it is the commitment of the state to achieve universal health care coverage by 2010.
- 12 **Goal.** Amends § 62Q.165, subd. 2. Amends a goal statement on universal coverage, to specify that all Minnesota residents are to have access to affordable health care by January 1, 2010.
- 13 **Legislative commission on health care access.** Amends § 62Q.165, by adding subd. 4. Requires the legislative commission on health care access to make recommendations on how to achieve the goal of all Minnesota residents having access to affordable coverage. Requires the recommendations and a timetable to be submitted to the legislature by January 15, 2008.
- 14 **Performance payments.** Amends § 256.01, subd. 2b. Requires the commissioner of human services to develop and implement a patient incentive health program for state health care program enrollees who meet personal health goals established with their primary care provider to manage a chronic disease or condition, including diabetes, high blood pressure, and coronary artery disease.
- 15 **Prescription drug discount program.** Adds § 256.9545. Establishes a prescription drug discount program.

**Subd. 1. Establishment; administration.** Directs the commissioner of human services to establish and administer the program.

**Subd. 2. Commissioner's authority.** Directs the commissioner to administer a drug rebate program for drugs purchased according to the prescription drug discount program, using the terms and conditions of the federal Medicaid rebate program.

**Subd. 3. Definitions.** Defines the following terms: commissioner, covered prescription drug, enrolled individual, health carrier, participating manufacturer, and participating pharmacy.

**Subd. 4. Eligibility.** (a) To be eligible, requires applicants to: (1) be permanent residents of Minnesota; (2) not be enrolled in MA, GAMC, or MinnesotaCare; (3) not have prescription drug coverage under a health plan or a pharmacy benefit program offered by a pharmaceutical manufacturer; and (4) not have prescription drug coverage under a Medicare supplement policy.

(b) For persons enrolled in a Medicare Part D plan or Medicare Advantage plan, allows coverage under the program for drugs that are not covered under the Medicare plan, or for covered drugs for which the individual is responsible for 100 percent of the cost.

**Subd. 5. Application procedure.** (a) Specifies application procedures and requires the commissioner to determine eligibility within 30 days of receipt of an application. Specifies that enrollment begins the month after the enrollment fee is received.

(b) Requires eligibility to be renewed every 12 months.

(c) Requires the commissioner to develop an application form that does not exceed one page in length.

**Subd. 6. Participating pharmacy.** (a) Requires participating pharmacies, between the date of implementation through January 1, 2009, to sell covered drugs to enrolled

individuals at the MA rate.

(b) After January 1, 2009, requires pharmacies to sell covered drugs at the MA rate, minus an amount equal to the rebate, and plus the amount of any switch fee.

(c) Requires pharmacies to provide the commissioner with all information necessary to administer the program.

**Subd. 7. Notification of rebate amount.** Requires the commissioner to notify participating manufacturers of the amount of rebate owed on prescriptions drugs sold under the program.

**Subd. 8. Provision of rebate.** Requires manufacturers to provide rebates equal to that provided under MA, and to provide the commissioner with any information necessary to verify the rebate. Requires payment of rebates within 38 days of receipt of the state invoice, or according to a schedule established by the commissioner. Requires the commissioner to deposit rebates into the Minnesota prescription drug dedicated fund.

**Subd. 9. Payment to pharmacies.** Beginning January 1, 2009, requires the commissioner to distribute to each participating pharmacy, on a biweekly basis, an amount equal to the rebate that is based on the prescription drugs sold by that pharmacy to enrolled individuals on or after January 1, 2009.

**Subd. 10. Enrollment fee; switch fee.** (a) Requires the commissioner to establish an annual enrollment fee that covers the commissioner's expenses for enrollment, processing claims, and distributing rebates.

(b) Requires the commissioner to establish a reasonable switch fee that covers pharmacy expenses related to formatting claims for electronic submission.

**Subd. 11. Dedicated fund; use of fund.** (a) Establishes the Minnesota prescription drug dedicated fund as an account in the state treasury. Requires the commissioner of finance to credit to the fund all prescription drug rebates, any federal funds received, all enrollment fees, and any appropriations or allocations for the fund. Specifies procedures for fund investment.

(b) Appropriates money in the fund to the commissioner to reimburse participating pharmacies, to reimburse the commissioner for administrative costs, and to repay the appropriation provided for the section. Requires the commissioner to administer the program so that costs total no more than funds appropriated plus prescription drug proceeds.

Provides a July 1, 2007 effective date.

- 16 Eligibility verification.** Amends § 256B.056, subd. 10. Eliminates the requirement that the commissioner modify the application form for Minnesota health care programs to require more detailed information on verification of assets and income, and also eliminates the requirement that the commissioner verify assets and income for all applicants and persons renewing eligibility. Eliminates the requirement that Minnesota health care program recipients report and verify new or increased earned income within 10 days, and eliminates the requirement that recipients who fail to verify new or an increase in earned income be disenrolled.
- 17 Medicare Part D co-payments.** Amends § 256B.0625, by adding subd. 13i. Provides MA coverage of Medicare Part D prescription drug plan and Medicare Advantage copayments. Provides a July 1, 2007, effective date.
- 18 Fee-for-service.** Amends § 256B.075, subd. 2. Requires the commissioner to develop and implement an intensive care management pilot program for persons who have or are at risk of developing complex and chronic medical conditions, who receive their primary care

through a federally qualified health center or community clinic. Provides a July 1, 2007, effective date.

- 19 **Physician and dental reimbursement.** Amends § 256B.76. The amendment to paragraph (c) requires reimbursement to critical access dental providers to be increased by not more than 50 percent above the reimbursement rate they would otherwise be paid (current language on reimbursement is permissive and subject to the limits of available appropriations). A new paragraph (d) requires the commissioner to award special hardship grants to nonprofit dental providers with a proportion of uninsured patients that equals or exceeds 15 percent of patient caseload, who do not receive a financial benefit comparable to other critical access dental providers.
- 20 **General assistance medical care; eligibility.** Amends § 256D.03, subd. 3. Makes a conforming change related to the switch to annual MinnesotaCare renewals.
- 21 **General assistance medical care; services.** Amends § 256D.03, subd. 4. Eliminates GAMC copayments, and makes conforming changes. Provides a July 1, 2007, effective date.
- 22 **Gross individual or gross family income.** Amends § 256L.01, subd. 4. Eliminates the requirement that depreciation be added back when determining income under MinnesotaCare for the farm self-employed. Also makes conforming changes related to the switch to annual MinnesotaCare renewals. Provides a July 1, 2007, effective date.
- 23 **Covered health services.** Amends § 256L.03, subd. 1. Makes a conforming change related to the elimination of the MinnesotaCare limited benefit set for adults without children with incomes above 75 percent of the federal poverty guidelines (FPG).
- 24 **Inpatient hospital services.** Amends § 256L.03, subd. 3. Increases the MinnesotaCare inpatient hospital annual limit from \$10,000 to \$20,000. Also increases to from 175 to 200 percent of FPG the income limit above which parents on MinnesotaCare are subject to this limit. (The limit also applies to all adults without children.)
- 25 **Co-payments and coinsurance.** Amends § 256L.03, subd. 5. Eliminates unnecessary language related to a copayment for inpatient hospital services and makes conforming changes related to the increase in the income limit for parents subject to the inpatient hospital annual limit.
- 26 **Social Security number required.** Amends § 256L.04, subd. 1a. Specifies that the requirement that MinnesotaCare applicants provide a Social Security number does not apply to an undocumented noncitizen or nonimmigrant eligible for MinnesotaCare.
- 27 **Single adults and households without children.** Amends § 256L.04, subd. 7. Increases the MinnesotaCare income limit for single adults and households without children from 175 to 200 percent of FPG (\$26,652/year for a household of two).
- 28 **Citizenship requirements.** Amends § 256L.04, subd. 10. With a technical amendment moving the new language in paragraph (b) to paragraph (a), would provide MinnesotaCare coverage for children who are nonimmigrants and undocumented noncitizens. The amendment to paragraph (c) requires state and county workers to assist MinnesotaCare applicants in obtaining satisfactory documentary evidence of citizenship or nationality.
- 29 **MinnesotaCare outreach.** Amends § 256L.04, by adding subd. 14. Requires the commissioner to award grants to public or private organizations to provide information on the importance of maintaining insurance coverage and on how to obtain coverage through MinnesotaCare, in areas of the state with high uninsured populations. Requires the commissioner to develop an incentive program for MinnesotaCare enrollment by persons residing in geographic areas, or belonging to populations, with high uninsured rates.
- 30 **MinnesotaCare enrollment by county agencies.** Amends § 256L.05, subd. 1b. Makes a conforming change related to switch to 12-month MinnesotaCare renewals.
- 31 **Commissioner's duties.** Amends § 256L.05, subd. 2. Eliminates the requirement that applicants and enrollees seeking renewal of MinnesotaCare eligibility verify both earned

and unearned income. Also eliminates the requirement that applicants and enrollees submit the name of their employers and a contact name for purposes of verifying eligibility for employer-subsidized coverage.

- 32 **Renewal of eligibility.** Amends § 256L.05, subd. 3a. Beginning July 1, 2007, requires MinnesotaCare eligibility to be renewed every 12 months. Strikes language that required six-month renewals beginning October 1, 2004.
- 33 **General requirements.** Amends § 256L.07, subd. 1. Eliminates the income cap (\$25,000 for a six-month period) for parents on MinnesotaCare. Also makes conforming changes related to the exemption of children from insurance barriers, the increase in the income limit for adults without children, and the switch to 12-month renewals.
- 34 **Must not have access to employer-subsidized coverage.** Amends § 256L.07, subd. 2. Exempts children from the requirement that applicants for MinnesotaCare not have access to employer-subsidized insurance and not have had access to such coverage through a current employer for 18 months prior to application and renewal. Also modifies the definition of employer-subsidized coverage for adults to exclude plans that require an employee to pay more than 8 percent of gross income in copayments, deductibles, or coinsurance.
- 35 **Other health coverage.** Amends § 256L.07, subd. 3. Exempts children from the requirement that MinnesotaCare enrollees have no health coverage while enrolled or for four months prior to application and renewal.
- 36 **Exception for certain adults.** Amends § 256L.07, subd. 6. Makes a conforming change related to the switch to 12-month renewals under MinnesotaCare.
- 37 **Premium determination.** Amends § 256L.15, subd. 1. Eliminates MinnesotaCare premiums for 12 months for members of the military and their families for whom eligibility is approved within 24 months following the end of a tour of active duty. Provides an effective date of July 1, 2007, or upon federal approval, whichever is later.
- 38 **Sliding scale fee; monthly gross individual or family income.** Amends § 256L.15, subd. 2. Eliminates in paragraph (a) a MinnesotaCare premium increase that took effect October 1, 2003, and eliminates an additional increase in paragraph (c). Provides a July 1, 2007, effective date.
- 39 **Exception for transitioned adults.** Amends § 256L.15, subd. 4. Makes a conforming change related to the switch to 12-month MinnesotaCare renewals.
- 40 **Exception for certain adults.** Amends § 256L.17, subd. 7. Makes a conforming change related to the switch to 12-month MinnesotaCare renewals.
- 41 **MinnesotaCare option for small employers.** Adds § 256L.20. Allows enrollees and dependents of certain small employers to enroll in MinnesotaCare.

**Subd. 1. Definitions.** Defines the following terms: dependent, eligible employee, eligible employer, maximum premium, participating employer, and program.

**Subd. 2. Option.** Allows eligible employees and their dependents to enroll in the program if their employer meets the requirements of subdivision 3. Also defines effective date of coverage.

**Subd. 3. Employer requirements.** Requires the commissioner to establish application procedures for employers. In order to participate, requires employers to: (1) agree to contribute toward the cost of the premiums as required by subdivision 4; (2) certify that at least 75 percent of eligible employees are enrolled; (3) offer coverage to all eligible employees and spouses and dependents; and (4) not have provided employer-subsidized insurance as a benefit in the previous 12 months.

**Subd. 4. Premiums.** (a) Specifies that the premium for coverage is the maximum

premium, regardless of the income of the employee.

(b) Requires employers to pay 50 percent of the premium for employees without dependents with incomes not exceeding 200 percent of FPG and employees with dependents with incomes not exceeding 275 percent of FPG.

(c) Requires employers to pay the full cost of the premium for employees without dependents with incomes exceeding 200 percent of FPG and employees with dependents with incomes exceeding 275 percent of FPG, but allows the employer to require the employee to pay a portion of premium costs, as long as the employer pays 50 percent.

(d) Requires the commissioner to collect premium payments from participating employers, and requires these premiums to be deposited into the health care access fund.

**Subd. 5. Coverage.** Requires coverage to include all MinnesotaCare covered services and provides that the MinnesotaCare cost-sharing requirements apply.

**Subd. 6. Enrollment.** Provides that employees and their dependents are enrolled in MinnesotaCare upon payment of the premium. Exempts enrollees from the MinnesotaCare income and asset limits, and the insurance barriers. Allows the commissioner to require employees to provide income verification to determine premiums.

42 Amends Laws 2005, 1<sup>st</sup> spec. sess., ch. 4, art. 9, § 3, subd. 2. Eliminates the reduction to family planning grants scheduled to take effect July 1, 2007.

43 **Administrative simplification.** Requires all health care providers and health plans that contract with the state to use and accept the uniform billing forms and coding requirements established by the Administrative Uniformity Committee by January 1, 2009.

44 **Constitutional amendment proposed.** Proposes an amendment to the Minnesota Constitution that would read: "Every Minnesota resident has the right to health care. It is the responsibility of the governor and the legislature to implement all necessary legislation to ensure affordable health care."

45 **Submission to voters.** Requires the proposed amendment to be submitted at the 2008 general election and provides the wording of the question to be submitted.

46 **Action by the legislature and the governor.** If the constitutional amendment is approved, requires the legislature and the governor to enact legislation to implement the constitutional amendment by July 1, 2011.

47 **Appropriation.** (a) Appropriates money from the health care access fund to the commissioner of human services for the biennium beginning July 1, 2007, for MinnesotaCare outreach grants and the enrollment incentive program.

(b) Appropriates \$1.156 million each fiscal year beginning July 1, 2007, from the general fund to the commissioner of health for family planning grants.

(c) Appropriates money for the biennium beginning July 1, 2007, from the general fund to the commissioner of human services, for the intensive care management pilot.

(d) Appropriates money for the biennium beginning July 1, 2007, from the general fund to the commissioner of human services for critical access dental provider reimbursement.

(e) Appropriates money for the biennium beginning July 1, 2007, from the general fund to the commissioner of human services for the special hardship grants to nonprofit dental

providers.

(f) Appropriates money for the biennium beginning July 1, 2007, from the general fund to the commissioner of human services for the patient incentive health program.

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**Repealer.** Repeals sections 62A.301 (coverage for full-time students), 256B.0631 (MA copayments), and 256L.035 (MinnesotaCare limited benefit set).