# HOUSE RESEARCH

## Bill Summary

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### Article 1: MinnesotaCare CMF Program

## Overview

This article establishes the MinnesotaCare Care for More Families Program. The program provides comprehensive health maintenance services through a high-deductible health plan purchased through a health insurance exchange. The program allows enrollees to manage a deductible account and a personal health and education account.

**1** **MinnesotaCare Care for More Families Program.** Adds § 256L.20. Directs the commissioner of human services to establish the MinnesotaCare Care for More Families (CMF) program. Requires the commissioner to implement the program on January 1, 2008, or upon federal approval, whichever is later.

**2** **Eligibility.** Adds § 256L.22. Specifies eligibility criteria for the program.

**Subd. 1. General requirements.** States that families and children meeting the eligibility requirements of this section are eligible, and that enrollment in the MinnesotaCare CMF program is voluntary. Defines a child as an individual under age 19.

**Subd. 2. Income limit.** Provides that families and children are eligible if family

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income does not exceed 300 percent of FPG.

**Subd. 3. No other health coverage.** (a) Requires families and children to not have other health coverage at the time of application, but provides an exception for families and children that contribute 15 percent or more of their gross income towards the cost of employer-sponsored coverage.

(b) Provides that families and children eligible to enroll in MA are not eligible for the MinnesotaCare CMF program.

(c) Allows families and children enrolled in the standard MinnesotaCare program to voluntarily enroll in MinnesotaCare CMF.

**Subd. 4. Other MinnesotaCare eligibility requirements.** (a) Requires families and children to comply with the MinnesotaCare citizenship and residency requirements.

(b) States that the insurance barriers (four-month uninsured, 18-month no access to employer-subsidized coverage) of the standard MinnesotaCare program do not apply to MinnesotaCare CMF.

**3** **Program administration.** Adds § 256L.24. Unless otherwise specified, requires the commissioner to administer the MinnesotaCare CMF program using the procedures and methods used to administer the standard MinnesotaCare program.

**4** **Covered services.** Adds § 256L.26. Defines covered services as all comprehensive health maintenance services covered under a standard HMO contract, as defined in section 62D.02, subdivision 7 and Minnesota Rules, chapter 4685, or their actuarial equivalent.

**5** **High-deductible health plan.** Adds § 256L.28. Specifies requirements for the high-deductible health plan through which coverage is provided under the program.

**Subd. 1. Purchase required.** Requires enrollees to purchase a high-deductible health plan through a health insurance exchange. Defines a high-deductible health plan as one with an annual deductible of $1,000 for individuals and $2,000 for families, indexed for inflation. Allows the health plan to be either a family or individual policy, at the option of the enrollee. Requires enrollees who receive premium subsidies to select the least costly high-deductible health plan available to the enrollee.

**Subd. 2. Plan coverage.** Requires the high deductible health plan to cover all services required to be covered under section 256L.26.

**Subd. 3. Cost-sharing.** States that high-deductible health plans do not have cost-sharing beyond the deductible.

**6** **Enrollee accounts.** Adds § 256L.30. Specifies requirements for the personal health and education account and the deductible account.

**Subd. 1. Establishment of account.** Requires each enrollee to manage a personal health and education (PHE) account. States that the PHE account is a trust that may be used to pay for qualified medical and educational expenses.

**Subd. 2. Deductible account.** Requires the deductible account to be funded by the enrollee and the state, up to the value of the annual deductible of the high-deductible health plan. Limits expenditures from the account to medical expenses that count toward the deductible, according to the terms of the high-deductible health plan.

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**Subd. 3. Personal health and education account.** States that the PHE account is funded with money rolled over from the previous year's unspent deductible dollars, investment gains, and any additional private contributions. Allows money in the account to be spent on: (1) all qualified medical expenses; (2) qualified educational expenses (defined as tuition and fees at postsecondary educational institutions); and private sector health plan premiums, for those who lose eligibility or are no longer enrolled in the program. Allows money in the account to be invested by the enrollee.

**Subd. 4. Administration.** Allows organizations qualified to administer individual retirement accounts to administer PHE accounts. Requires funds in the deductible account be accessible through a debit card, and limits debit card charges to allowed expenditures.

**Subd. 5. Additional contributions.** Allows employers to contribute additional funds to the PHE account.

**Subd. 6. Continued access to account.** Allows individuals who become ineligible for or who leave the MinnesotaCare CMF program to continue to have access to money in the PHE account, if they have been enrolled in the program for at least 12-consecutive months. Requires PHE funds for persons enrolled for less than this period to be deposited into the general fund.

**7** **Premiums.** Adds § 256L.32. Specifies premium levels and payment procedures.

**Subd. 1. Requirement.** Requires families and children to pay sliding scale premiums, based on the standard MinnesotaCare sliding scale modified to have an upper limit of 10.8 percent of gross income. Provides that the premium administration and collection provisions of the standard MinnesotaCare program apply, unless otherwise specified. States that families and children with incomes that exceed the program limit may remain on the program, if they pay the full cost of the high-deductible premium and fully fund the deductible account without any state subsidy.

**Subd. 2. Premiums applied first to deductible account.** Requires the commissioner to fully fund each enrollee's deductible account at the time of initial enrollment and at the start of each plan year, and to use enrollee premium contributions to first pay back the cost of this full funding, before being used to pay for the cost of premiums.

**Subd. 3. Payment to exchange.** Requires enrollees to pay sliding scale premiums to the health insurance exchange from which the high-deductible health plan is purchased.

**8** **Waivers and federal approval.** Directs the commissioner to seek all necessary federal waivers and approvals to implement the MinnesotaCare CMF program, and to use federal MA and state children's health insurance program dollars to pay for health care services covered under the MinnesotaCare CMF program.

**Article 2: Health Insurance Exchanges**

# Overview

This article creates the statutory authorization for health insurance exchanges, provides licensing criteria, and describes what they would do. Health insurance exchanges are central market clearinghouses for multiple sources of payment (buyers) and multiple providers of health insurance plans (sellers).

**1** **Minimum participation and contribution.** Amends the small employer insurance chapter to add an additional item to the list of waivers of coverage by employees that do not count against the employer in the small employer market. The additional item is that coverage under the employer's plan requires the employee to pay more than 15 percent of the employee's gross employment income. These permitted waivers of coverage affect the calculation of the percentage of an employer's employees who are covered under the small employer's coverage. In order for an employer to receive the benefits of Minnesota's small employer insurance laws, that percentage must be at least 75 percent of the employees who do not waive coverage under one of the provisions of this list of permitted waivers of coverage. In other words, if an employee declines coverage due to one of these permitted waivers, that employee does not count in the numerator or denominator of that percentage.

**2** **Definitions.** Defines, for purposes of the sections that follow, the terms commissioner, eligible individual, health insurance exchange (or exchange), health plan, health plan company, and MinnesotaCare CFM program.

**3** **Health insurance exchanges permitted.**

**Subd. 1. Health insurance exchanges permitted.** Permits any corporation authorized to do business in this state to (apply to) operate a health insurance exchange ("exchange").

**Subd. 2. Establishment of exchange.** Requires health insurance exchanges to be licensed by the commissioner of commerce.

**Subd. 3. Licensing criteria.** Requires applicants for an exchange license to be knowledgeable about health insurance, have adequate back office capabilities, and be trustworthy enough to be trusted to handle large amounts of other people's money.

**Subd. 4. Regulation.** Provides that exchanges will be regulated by the commissioner of commerce using the same powers and procedures that apply to the commissioner's regulation of other insurance entities.

**4** **Functions of a health insurance exchange.** Describes what a health insurance exchange will do, as follows:

(1) Set up and maintain a master plan in which employers and individuals would enroll, through which the individuals will enroll in one of the health plans available through the exchange. An exchange will not be, or provide, a health plan itself, but will facilitate enrollment in the health plans offered through the exchange.

(2) Permit employers to use the master plan as a way to provide and pay premiums for

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coverage of their employees, dependents, and others covered under the employer's plan.

(3) Permit Minnesota residents to enroll as individuals in the master plan and in one of its component health plans, and pay for that coverage.

(4) Permit the commissioner of human services to use the exchange as a source of coverage for enrollees in the MinnesotaCare CMF (see article 1 of this bill) and pay for that coverage through the exchange.

(5) Permit health plan companies to participate in the exchange by offering their health plans through the exchange.

(6) Receive payments for coverage from employers, individuals, and the DHS commissioner and transmit those payments to the health plan companies that provide the coverage.

(7) Collect an administrative fee approved by the commissioner.

(8) Administer an annual open enrollment period, in which enrollment will be subject to approval by the health plan company.

**5** **Relationship with health plan companies.** (a) Provides that participation in an exchange is voluntary, except for the Minnesota Comprehensive Health Association, which is the state's high-risk pool for persons who cannot get coverage in the regular individual market.

(b) Provides that all health plans offered through an exchange must comply with all state insurance laws that apply in the individual (non-group) market.

(c) Requires that all health plans offered through an exchange must be individual (non-group) coverage and must offer both self-only and family coverage.

(d) Requires each health plan company participating in an exchange to offer through the exchange a product that qualifies for the MinnesotaCare CMF program (created in article 1 of this bill).

(e) Provides that premiums payments are to be made by the exchange to the health plan company, from funds paid into the exchange by employers, individuals, and the commissioner of human services.

**6** **Commissioner to create exchange if necessary.** If fewer than two licensed exchanges exist by October 1, 2007, requires the commissioner to contract with a private entity to operate an exchange under the commissioner's supervision, until at least two other exchanges have been licensed.

**7** **Effective date.** Makes this article effective immediately and permits exchanges to operate beginning January 1, 2008.