

HOUSE RESEARCH

Bill Summary

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Overview

This bill requires an annual independent financial audit of managed care and county-based purchasing plans that provide care for enrollees in state public health care programs.

- 1** **Managed care financial reporting.** Paragraphs (d) and (e). Requires that the commissioner of human services require, in requests for bids and the resulting contracts for Medical Assistance coverage, that the managed care and county-based purchasing plans agree to submit to an annual independent third-party financial audit. Requires that the independent third-party auditing firm must perform audits only for government entities and that it has not performed any auditing or other services for any health plan that bids on the contracts.
 - (f) Requires that the health plans provide detailed real-time encounter and claims data to the commissioner, including, if requested by the commissioner, auditable proof that the encounters and claims are occurring as reported.
 - (g) Contracts with the plans must permit the commissioner unlimited access to the data needed to perform the audit, including power to enforce that requirement in court if necessary.
 - (h) Prohibits an actuarial firm that provides actuarial services to the commissioner to provide services of any kind to the managed care and county-based purchasing plans during the term of the actuarial firm's work for the commissioner.
 - (i) Requires the actuarial firm referenced in paragraph (h) to certify and attest to the rates paid to the managed care and county-based purchasing plans, and those rates must be auditable.
 - (j) Requires that the audit must include a determination regarding compliance with the federal Medicaid rate certification process.
 - (k) Requires that the auditing contract be designed and administered to qualify for a federal subsidy if available.
 - (l) Requires that the commissioner provide copies of the audit report to the legislative auditor, the

attorney general, and the chairs of the health finance committees of the legislature.

Effective date: Makes the bill effective immediately and apply to managed care contracts and the contracting process for contracts that are effective January 1, 2013, and thereafter.