

# HOUSE RESEARCH

## Bill Summary

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### Overview

This bill implements the state option under the federal Affordable Care Act (ACA) to expand Medical Assistance (MA) coverage. This bill increases the MA income limit for parents and relative caretakers from 100 to 133 percent of the federal poverty guidelines (FPG), for adults without children from 75 percent to 133 percent of FPG, and for children ages 19 and 20 from 100 to 133 percent of FPG. The effective income limit for these groups will be 138 percent of FPG with the standard 5 percent income disregard (see below).

The federal government will provide an enhanced federal match for the cost of MA services provided to newly eligible persons. This enhanced match is 100 percent for 2014 through 2016, and phases down to 90 percent for 2020 and future years. In Minnesota, adults without children, including those adults without children eligible for MA under current law, are considered newly eligible and will receive the enhanced federal match. Parents and relative caretakers, and children, are not considered newly eligible and will not receive the enhanced match, because they already receive the regular MA match of 50 percent.

The bill also implements ACA requirements related to the use of modified adjusted gross income (MAGI) and household income, the elimination of asset tests, and the provision of a standard five percent income disregard for most MA enrollees who are not disabled or elderly. These changes are required by federal law regardless of whether a state implements the optional MA expansion. MAGI is generally defined as adjusted gross income (using the IRS definition), adding back foreign earned income, any tax-exempt interest received by the taxpayer, and an amount equal to the value of Social Security benefits not subject to tax.

## Section

Household income is defined as the sum of MAGI of the household members of the tax filing unit.

- 1 **Affordable Care Act.** Amends § 256B.02, by adding subd. 17. Defines “Affordable Care Act” or ACA. Provides a January 1, 2014 effective date.
- 2 **Children ages 19 and 20.** Amends § 256B.055, by adding subd. 16. Adds a reference in statute to an existing MA eligibility group -- children who are 19 and 20 years of age. Provides a January 1, 2014 effective date.
- 3 **Income and assets generally.** Amends § 256B.056, subd. 1a. Provides that modified adjusted gross income (MAGI), as defined in the ACA, shall be the income methodology used for eligibility categories based on:
  - (i) children under age 19 and their parents and relative caretakers;
  - (ii) children ages 19 to 20;
  - (iii) pregnant women;
  - (iv) infants; and
  - (v) adults without children.Requires the commissioner to provide a standard five percent income disregard for individuals whose income eligibility is determined using MAGI. Provides a January 1, 2014 effective date.
- 4 **Asset limitations for individuals and families.** Amends § 256B.056, subd. 3. Effective January 1, 2014, exempts parents and relative caretakers from the current MA asset limit, unless these individuals qualify for MA through a spend-down. (The current MA asset limit for parents and relative caretakers is \$10,000 for a household of one and \$20,000 for households of two or more. Pregnant women, children, and adults without children are exempt from any MA asset limit under current law. Persons who are elderly or disabled will continue to be subject to an MA asset limit of \$3,000 for a household of one and \$6,000 for a household of two.) Provides a January 1, 2014 effective date.
- 5 **Income.** Amends § 256B.056, subd. 4. Effective January 1, 2014, increases the MA income limit for parents and relative caretakers from 100 to 133 percent of FPG, the MA income limit for adults without children from 75 percent to 133 percent of FPG, and the MA income limit for children ages 19 and 20 from 100 to 133 percent of FPG.
- 6 **Transfer; shift of pregnant women and children to medical assistance.** Requires the commissioner of management and budget to transfer from the health care access fund to the general fund up to \$21, 319,000 in FY 2014; up to \$42,314,000 in FY 2015; up to \$56,147,000 in FY 2016, and up to \$64,683,000 in FY 2017. Provides a January 1, 2014 effective date.