

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 to include adults without children and parents and relative caretakers with incomes up to 133 percent of the federal poverty guidelines (FPG), beginning January 1, 2014 (138 percent of FPG with the standard 5 percent income disregard; see below). Minnesota currently provides MA coverage to adults without children with incomes up to 75 percent of FPG. Parents and relative caretakers are currently eligible for MA if their income does not exceed 100 percent of FPG. (In Minnesota, most children are already covered under MA at levels above 133 percent of FPG and are therefore not part of the income limit expansion.)

The bill also reduces, from 21 to 19, the minimum qualifying age for the MA adults without children eligibility group. This change has the effect of increasing the MA income limit for children ages 19 and 20 from 100 percent to 133 percent of FPG.

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.

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The bill requires the MA eligibility expansion to sunset, if all federal funding for the expansion ceases.

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 5 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. 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 **Modified adjusted gross income and household income.** Amends § 256B.02, by adding subd. 18. Provides that MAGI and household income have the definitions provided in the ACA. Provides a January 1, 2014, effective date.
- 3 **Adults without children.** Amends § 256B.055, subd. 15. Modifies MA eligibility for adults without children to include persons at least age 19 (the minimum age under current law is 21). Provides a January 1, 2014, effective date.
- 4 **Income and assets generally.** Amends § 256B.056, subd. 1a. Provides that the income and asset methodology used by MA for families and children, adults without children, and other individuals who are not otherwise exempt shall be as required by the ACA. Provides a January 1, 2014, effective date.
- 5 **Families and children; income methodology effective January 1, 2014.** Amends § 256B.056, by adding subd. 1e. Requires the commissioner, effective January 1, 2014, to use MAGI and household income, and replace existing income disregards with a standard 5 percent disregard, when determining MA eligibility for families and children and other individuals not exempt from these requirements, as required under the ACA.
- 6 **Adults without children income methodology.** Amends § 256B.056, by adding subd. 1f. Requires the commissioner, effective January 1, 2014, to use MAGI and household income and replace existing income disregards with a standard 5 percent disregard, when determining MA eligibility for adults without children, as required under the ACA.
- 7 **Asset limitations for individuals and families.** Amends § 256B.056, subd. 3. Provides that no MA asset limit applies to families and children and other individuals for whom asset tests are prohibited under the ACA.

(The practical effect of this provision is to eliminate the current MA asset limit for parents of \$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

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limit of \$3,000 for a household of one and \$6,000 for a household of two.) Provides a January 1, 2014, effective date.

- 8** **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 and the MA income limit for adults without children from 75 percent to 133 percent of FPG.
- 9** **Contingent sunset.** If the commissioner of human services determines that all federal funding will cease for the MA expansion authorized under section 256B.056, subdivision 4, requires the commissioner to cease implementation of the MA expansion and revert back to the previous MA eligibility standards. Requires the commissioner to notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, within 60 days of making this determination. Provides that the reversion to prior MA eligibility standards shall become effective on July 1 of the calendar year following the calendar year in which all federal funding ceases. Provides a January 1, 2014 effective date.
- 10** **Transfer; shift of pregnant women and children to medical assistance.** Transfers \$63,633,000 from the health care access fund to the general fund, for the biennium ending June 30, 2015, to pay for MA services provided to former MinnesotaCare enrollees. Provides an effective date of January 1, 2014.