

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 9
Version: As introduced

DATE: January 18, 2013

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Subject: Medical Assistance Expansion

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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 other eligible groups with incomes up to 133 percent of the federal poverty guidelines (FPG), beginning January 1, 2014. Minnesota currently provides MA coverage to adults without children with incomes up to 75 percent of FPG.

The federal government will provide an enhanced federal match for the cost of MA services provided to newly eligible persons, including those adults without children currently covered under MA. This enhanced match is 100 percent for 2014 through 2016, and phases down to 90 percent for 2020 and future years.

The bill also implements ACA requirements related to the use of modified adjusted gross income (MAGI) and household income, the elimination of asset tests, the use of 12-month renewal periods, 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.

The bill also increases the MA income limit for children from 150 percent of FPG to 275 percent of FPG (the current MinnesotaCare income limit for children), and

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also increases the age limit for these children from 18 to 21. This will allow the state to comply with the federal maintenance of effort requirements that apply to children.

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- 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. In a section of law the provides MA eligibility for adults without children, strikes a cross-reference to the definition of “family with children” and instead places a modified definition in law that refers to dependent children. Provides a January 1, 2014 effective date.
- 4 **Income and assets generally.** Amends § 256B.056, subd. 1a. Provides that the income methodology used by MA for families and children, adults without children, and other individuals who are not otherwise exempt, shall be based on MAGI and household income, 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 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, the MA income limit for children from 150 percent to 275 percent of FPG, and the MA income limit for

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adults without children from 75 percent to 133 percent of FPG. (The stricken reference to 100 percent of FPG is the income limit for parents; the income limit for children is in another section of law.)

- 9** **Period of eligibility.** Amends § 256B.056, subd. 7. Eliminates six-month renewals for persons subject to eligibility determinations using MAGI and household income (this has the effect of providing these individuals with a 12-month eligibility period). Provides a January 1, 2014 effective date.
- 10** **Children.** Amends § 256B.057, subd. 2. Effective January 1, 2014, increases from 18 to 21 the age limit for a child who is eligible at the higher MA income limit, and increases the income limit for these children from 150 percent to 275 percent of FPG.
- 11** **Transfer; shift of pregnant women and children to medical assistance.** Transfers money 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 who are pregnant women and children. Provides an effective date of January 1, 2014.