

HOUSE RESEARCH

Bill Summary

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Overview

This bill modifies the method used to calculate the limit on managed care plan and county-based purchasing plan administrative costs for MA and MinnesotaCare. The bill replaces a limit based on the growth in administrative costs with a limit based on administrative costs as a percentage of medical expenses.

Section

1 **Administrative expenses.** Amends § 256B.69, subd. 5i. Limits managed care and county-based purchasing plan administrative costs for the prepaid medical assistance program and MinnesotaCare to ... percent of the plan's medical expenses. Provides a penalty equal to the amount of administrative spending exceeding the percentage limit.

Under current law, plans are subject to a five percent limit on growth in administrative expenses (with administrative expenses measured as a percentage of total revenue), with the penalty being the amount of administrative spending in excess of 105 percent of the calculated amount.