

Subject Direct payment system

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Overview

This bill directs the commissioner of human services to establish a direct provider payment system for medical assistance (MA) and MinnesotaCare, to be implemented beginning January 1, 2026. The bill requires the commissioner to reimburse providers directly at a base rate, and also provides supplemental payments for care coordination and other services, and grants to providers for outreach. The bill requires the commissioner to terminate managed care contracts by December 31, 2025, except that the commissioner may continue to contract with county-based purchasing plans and county-owned and operated health maintenance organizations (HMOs). The bill requires the commissioner to present an implementation plan to the legislature by January 15, 2024.

Summary

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1	Direct payment system for MA and MinnesotaCare.
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Adds § 256.9631.

Subd. 1. Direct payment system established. (a) Requires the commissioner of human services to establish a direct provider payment system for MA and MinnesotaCare. Requires the system to be implemented by January 1, 2026.

(b) Allows existing and new county-based purchasing plans to operate under the direct payment system. Requires the plans to reimburse providers, unless the county board or boards request the commissioner to assume this responsibility.

(c) Allows existing or new HMOs owned and operated by counties to operate under the direct payment system.

Subd. 2. Provider reimbursement; base rate. (a) Requires the commissioner to reimburse health care providers directly for MA and MinnesotaCare covered services, using the fee-for-service payment methods for MA to determine the

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base rate. Requires payments to be made to individual providers and clinics, to the extent contract terms allow.

(b) Allows counties operating a county-based purchasing plan or HMO to elect reimbursement at the base fee-for-service rate, or at the capitation rate.

(c) Requires providers to directly bill the commissioner, county-based purchasing plan, or HMO, as applicable.

Subd. 3. Provider reimbursement; supplemental payments for care coordination and additional services. Requires the commissioner to provide a supplemental payment to primary care providers, federally qualified health centers (FQHCs), community health clinics, and other provider types for which MA and MinnesotaCare enrollees comprise a significant proportion of their caseload. Requires providers to use the payment to cover the cost of additional health care services and social services for patients with complex conditions that require intensive care coordination, who face socioeconomic barriers to receiving care, or who are from underserved populations that experience health disparities.

Subd. 4. Grants for outreach. Requires the commissioner, beginning January 1, 2026, to award grants to FQHCs, community health clinics, and other provider types working with enrollees from underserved populations. Requires the grants to be used to conduct patient outreach and deliver health care and care coordination services to persons who are unlikely to obtain needed care and treatment, due to mental illness, homelessness, or other circumstances. Also requires grants to be used to assist uninsured persons to enroll in MA, MinnesotaCare, or private coverage.

Subd. 5. Termination of managed care contracts. Requires the commissioner to terminate managed care contracts by December 31, 2025, except that the commissioner may continue to contract with county-based purchasing plans and county-owned and operated HMOs.

Subd. 6. Duties of the commissioner. (a) Requires the commissioner to maintain a hotline and website to assist enrollees in locating providers, provide a nurse consultation helpline, and assist enrollees who have not received adequate preventive care in accessing a primary care provider.

(b) Requires the commissioner to: regularly review and adjust provider reimbursement rates to ensure provider economic viability, prevent provider shortages, and ensure geographic access to care; ensure timely reimbursement

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of providers; and collaborate with providers to develop and promote initiatives to improve health care quality and reduce costs.

Subd. 7. System development and administration. (a) Requires the commissioner, under the direct payment system, to:

- 1) provide benefits management, claims processing, and enrollee support services;
- 2) coordinate the direct payment system with the eligibility determination functions performed by MNsure and county agencies;
- 3) establish and maintain provider payment rates sufficient to ensure high-quality care and enrollee access;
- 4) develop and monitor quality measures for health care service delivery; and
- 5) develop provider incentives and innovative methods of health care delivery to ensure the efficient provision of high-quality care and reduce health care disparities.

(b) States this this section does not prohibit the commissioner from seeking legislative and federal approval for demonstration projects to ensure access to care or improve health care quality.

(c) Allows the commissioner to contract for technical assistance in developing the direct payment system, and contract with an administrator to administer the direct payment system.

Subd. 8. Implementation plan. Requires the commissioner to present an implementation plan to the legislature by January 15, 2024. Requires the plan to include:

- 1) a timeline for development and implementation;
- 2) the procedures to be used to transition enrollees to the direct payment system in a manner that ensures continuity of care;
- 3) any changes to base payment rates necessary to ensure provider access and quality care, and reduce health disparities;
- 4) the payment criteria and procedures for supplemental payments;
- 5) procedures to compensate providers for any loss of savings from the federal 340B Drug Pricing Program; and
- 6) proposed language for any statutory changes necessary to implement this section.

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2	<p>Appropriation. Appropriates money in fiscal years 2024 and 2025 from the general fund to the commissioner of human services to develop and implement the direct payment system.</p>
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